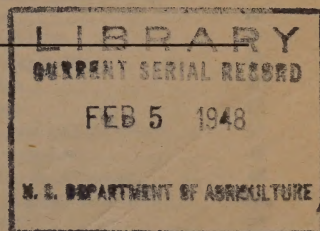


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Report of the Administrator of the Production and Marketing Administration 1947



UNITED STATES DEPARTMENT OF AGRICULTURE

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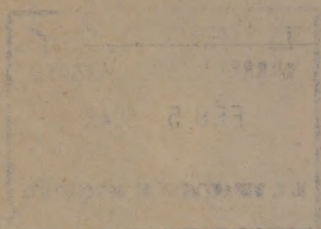
Report of the Administrator

of the

Production and Marketing

Administration

1947



UNITED STATES DEPARTMENT OF AGRICULTURE

CONTENTS

| | Page | | Page |
|---|------|---|------|
| Introduction..... | 1 | Fats and oils..... | 41 |
| Organization of PMA..... | 4 | Production..... | 41 |
| ✓ Agricultural conservation pro- gram..... | 8 | Price support..... | 41 |
| Labor..... | 21 | Subsidy operations..... | 42 |
| Food-distribution programs..... | 22 | Foreign purchase program..... | 43 |
| School lunch..... | 22 | Surplus fats and oils disposal..... | 43 |
| Direct distribution..... | 23 | United Nations Relief and Rehabilitation Administra- tion..... | 43 |
| Food preservation..... | 23 | Cash-paying governments..... | 43 |
| Marketing abundant foods..... | 24 | National school lunch..... | 43 |
| Industrial feeding..... | 25 | Food-order administration..... | 43 |
| Nutrition programs..... | 25 | Food production, processing, and marketing assistance..... | 44 |
| National garden program..... | 25 | Requirements, allocations, goals, and price-ceiling ac- tivities..... | 44 |
| Fat salvage..... | 26 | Other activities..... | 44 |
| Marketing facilities..... | 26 | Fruits and vegetables..... | 45 |
| Market organization and facili- ties..... | 26 | Production..... | 45 |
| Warehousing..... | 27 | Allocations..... | 45 |
| Transportation facilities..... | 27 | Price control and subsidies..... | 45 |
| Transportation rate adjust- ments..... | 28 | Support programs..... | 46 |
| Shipping and storage..... | 29 | Preventing food waste..... | 48 |
| Compliance and investigation..... | 31 | Surplus disposal and sales..... | 48 |
| Section 32 activities..... | 32 | Regulation..... | 49 |
| Cotton..... | 32 | Market news..... | 52 |
| Loan, purchase, and export programs..... | 33 | Standardization and inspec- tion..... | 52 |
| Hemp..... | 33 | Grain, pulses, feeds, and seeds..... | 53 |
| Fiber flax..... | 33 | Food grains..... | 53 |
| Standardization and classifica- tion..... | 33 | Feed and feed grains..... | 54 |
| Prices and quality..... | 35 | Peas and beans..... | 55 |
| Marketing research..... | 35 | Rice..... | 55 |
| New-use programs..... | 36 | Seeds..... | 56 |
| Dairy products..... | 37 | Surplus-property disposal..... | 56 |
| Production, allocation, price- support programs, and pur- chases..... | 37 | Regulation and inspection..... | 66 |
| Subsidies..... | 37 | Standardization research and testing..... | 57 |
| War food orders..... | 37 | Market news..... | 57 |
| Marketing agreements and orders..... | 38 | Livestock, meats, and wool..... | 58 |
| Inventory disposals..... | 39 | Production..... | 58 |
| Market news for dairy and poultry products..... | 39 | Hog price support..... | 59 |
| Inspection and grading for dairy and poultry products..... | 40 | War food orders..... | 59 |
| Plant facilities..... | 40 | Procurement..... | 59 |
| | | Regulation..... | 59 |
| | | Market news..... | 61 |
| | | Standardization..... | 61 |
| | | Grading..... | 61 |

| | Page | | Page |
|---------------------------------|------|--------------------------------|------|
| Poultry and eggs..... | 62 | Sugar—Continued | |
| Production..... | 62 | Program costs, distribution | |
| Purchases for price support and | | and stocks..... | 72 |
| export..... | 62 | Tobacco | |
| Prices..... | 63 | Production..... | 73 |
| Market news..... | 63 | Price support..... | 73 |
| Standardization, inspection, | | Marketing quotas..... | 73 |
| and grading..... | 63 | Market news..... | 74 |
| Marketing research..... | 64 | Standardization..... | 74 |
| Information for consumers..... | 65 | Inspection, demonstration, and | |
| Sugar..... | 66 | training..... | 74 |
| International allocations..... | 66 | Surplus disposal..... | 75 |
| Purchase programs..... | 67 | Statistical work..... | 75 |
| Price support..... | 68 | Materials and facilities..... | 75 |
| Subsidy programs..... | 69 | Naval stores..... | 75 |
| Refined-sugar purchase pro- | | Price support..... | 76 |
| gram..... | 69 | Surplus disposal..... | 76 |
| Sugar export controls..... | 69 | Procurement for foreign gov- | |
| Surplus-property disposal..... | 69 | ernments..... | 76 |
| Sugar Act activities..... | 70 | Naval Stores Act..... | 76 |
| War food orders..... | 72 | | |

REPORT OF THE ADMINISTRATOR OF THE PRODUCTION AND MARKETING ADMINISTRATION, 1947

UNITED STATES DEPARTMENT OF AGRICULTURE,
PRODUCTION AND MARKETING ADMINISTRATION,
Washington, D. C., October 20, 1947.

HON. CLINTON P. ANDERSON,
Secretary of Agriculture.

DEAR MR. SECRETARY: I present herewith the report of the Production and Marketing Administration for the fiscal year ended June 30, 1947.

Sincerely yours,

JESSE B. GILMER, *Administrator.*

INTRODUCTION

The intense demand for farm products, both at home and abroad, was a major factor in the shaping of many programs carried on by the Production and Marketing Administration during the 1946-47 fiscal year.

To help close the gap between requirements and supplies, PMA again assisted in the development of goals that called for a high level of production, both of crops and of livestock and livestock products. The final record shows that these goals were equaled or exceeded in most instances. Total agricultural production, food and nonfood, was somewhat larger than in 1945-46, and 36 percent larger than the 1935-39 average.

A number of factors account for the splendid production record achieved during the year.

Most important, as always, were the American farmers. Their skill and their diligence ultimately assured success of the program to increase production. Their effort is particularly laudable in view of the difficulties they faced—serious shortages of manpower, fertilizer, and farm machinery.

In carrying on their vital production operations, farmers had the guidance and assistance of their democratically elected county and community committeemen. In general, the committeemen administered national agricultural programs at the local level. For example, they participated in the establishment of production goals and in the activities essential to meeting those goals. They cooperated locally on various phases of the commodity-loan programs. They carried on a number of major field operations for the Federal Crop Insurance Corporation. They continued to devise local soil-conservation practices and to adapt those practices to individual farms.

County and community committeemen may be especially gratified at the part they played in conserving the soil. The past year was marked by an increased and better use of fertilizer and lime, which

aided greatly in maintaining the high volume of agricultural output. Long-time conservation practices in which notable progress was made included: Developing water supplies on range land, constructing dams and reservoirs, farming on the contour where the land was subject to water erosion, planting cover crops to protect and improve cultivated land, and developing and improving pasture land.

The weather, as has been the case for the past several seasons, was favorable for crop production. Also on the credit side were the increased use of farm machinery, the extensive planting of hybrid varieties, and the increased utilization of new chemicals for the control of insects and weeds.

Then there was the price-support program, provided by Congress to assure farmers that there would be no repetition of the disastrous collapse of prices such as took place after World War I. Under this program, farmers were able to produce the large volume of farm commodities requested by the Government, confident that prices would not decline below certain minimums.

But prices received by farmers for agricultural commodities were favorable throughout the year. As a result, price-support operations were unnecessary in the case of most products, the major exceptions being wool, potatoes, eggs, dried milk, soybeans, and tobacco.

With the termination of price controls during the first half of the fiscal year, most subsidy programs became inoperative. Under the subsidy programs, the Commodity Credit Corporation made payments or purchases for resale at a loss for the purpose of maintaining price ceilings established by the Office of Price Administration.

Despite the increase in prices of farm products, and the consequent increase in the price of food in retail outlets, per capita consumption of food was at a record level during the year—about 118 percent of the prewar 1935–39 average. Comparisons with that average indicate that in 1946–47, civilians consumed more meat, dairy products, eggs, fruits, vegetables, and corn and corn products. But civilians consumed less fats and oils, sugar, wheat and wheat flour, rice, barley, oats, and rye, than during 1935–39.

With employment at a high level during the year, the distribution of food among domestic consumers was probably more uniform than during the years preceding the war. This distribution, a result of the wide diffusion of purchasing power, was supplemented by several PMA programs aimed at improving the nutritional status. The national school-lunch program, for example, reached about 6 million children of school age during the year and, in addition to foods regularly supplied under Federal-State operations, provided an outlet for commodities purchased through price-support programs. Foods acquired under price-support programs also were distributed to schools other than those coming under the national school-lunch program, to institutions, and to persons certified by welfare agencies as eligible for relief.

Special marketing programs were conducted to increase consumption of foods in abundant supply, thereby improving nutrition, reducing food waste, and minimizing the need for price-support programs. Food-preservation programs provided additional outlets for products bought under price-support programs and for locally grown foods during periods of heavy supply. Through Federal, State, and

local nutrition committees, PMA made efforts to bring the resources of all public and private nutrition groups behind national food and agricultural objectives.

Despite the sharp increase in civilian per capita consumption of food, exports from this country reached a record high total during the year—19,185,000 long tons. This food literally went all over the globe. Of the total, 4,918,000 long tons went for military civilian feeding in Europe and the Far East; 8,487,000 long tons were shipped to Europe, exclusive of the occupied zones; 2,057,000 long tons were shipped to Far East areas, aside from what was used on military civilian feeding in Japan, Korea, and the Ryukyus; 2,050,000 long tons were exported to Latin America; and an additional 1,673,000 long tons were exported to miscellaneous destinations.

Commoditywise, the 19,185,000 long-ton total consisted of wheat and wheat flour (grain equivalent), 10,618,000 long tons; other grains—corn, barley, oats, rye, rice, and grain sorghums, 4,678,000; fats and oils, 214,000; meats, 232,000; dairy products, 502,000; and other foods, including potatoes, fruits, vegetables, nuts, fish, dry beans and peas, and sugar, 2,941,000 long tons.

About 53 percent of the total food exported during the year was procured through the Commodity Credit Corporation with funds supplied by foreign governments, the United Nations Relief and Rehabilitation Administration, the War Department, and other Government agencies.

It should be pointed out that the 1946-47 export program was carried on very largely in the absence of set-aside orders, inventory limitations, restrictions on industrial use, and the other types of controls that were in operation in 1945-46. At the beginning of the fiscal year, 54 war food orders were in effect. At the end of the year, only 4 remained on the books. These included WFO 63, providing for import controls; WFO 7, which regulates the purchase and importation of raw sugar by refiners; WFO 71, covering priorities assistance; and WFO 78, a procedural order.

Considerable progress was made in the long-range program to reduce the cost of handling agricultural commodities in distributive channels.

In a number of large cities, PMA cooperated with local agencies, both public and private, to develop plans and promote the construction of proper facilities for the assembly and distribution of farm products. Up-to-date market facilities, it has been found, reduce handling costs, with resultant savings to consumers and increased returns to producers. At the close of the year, intensive studies were being conducted in 24 cities, including Hartford, New Haven, Columbus, Cleveland, St. Louis, Houston, San Antonio, Baton Rouge, Jackson, Atlanta, Tampa, Columbia, and Richmond. At the end of the year construction of new facilities in some of these markets had begun, financing was being arranged in others, and detailed plans and specifications were being drawn up in still others.

PMA continued its work to obtain more equitable freight rates for farm products. It is estimated that the formal proceedings and informal actions in which PMA personnel participated before transportation regulatory agencies resulted in measurable savings in transportation charges during the year of about \$189,000,000.

Marketing-agreement programs were used during the year to bring about orderly marketing of various farm products. Eighteen marketing-agreement programs, covering 15 different fruits, vegetables, and tree nuts marketed from 14 different States, were in effect. Marketing-agreement and order programs for fluid milk totaled 31.

Major improvements were made in the shipping and storage of processed products purchased by the Commodity Credit Corporation for export and other programs. Wherever possible, PMA shipped direct from vendors to consignees. Also, stocks in inventory were turned over an average of 8.5 times during the year—a somewhat faster turn-over than reported by large commercial companies handling similar commodities. Through these and other practices designed to expedite the handling of Government-owned products, PMA was able to reduce its requirements for commercial warehouse space for processed commodities from 349 facilities on July 1, 1946, to 101 on May 31, 1947, with substantial savings in the expenditure of public funds.

Regular marketing services were expanded. Additional market news offices were opened to widen the coverage on fruit crops, livestock, dairy products, and poultry products. The work of revising United States standards for farm products to bring them in line with new developments in production and distribution was continued. The practical application of the standards—through grading, inspection, and classification—showed a healthy growth during the year.

PMA administered a number of Federal regulatory laws during the year, including the Packers and Stockyards Act, the Perishable Agricultural Commodities Act, the Sugar Act, and the Standard Container Acts. On June 25, 1947, the new Insecticide, Fungicide, and Rodenticide Act was signed by the President and will, when it becomes effective, replace the Insecticide Act of 1910.

ORGANIZATION OF PMA

In the office of the Administrator, in addition to the Deputy Administrator, there are three Assistant Administrators—for the Commodity Credit Corporation, for production, and for marketing. Each Assistant Administrator directs and coordinates PMA activities within his own functional area. The PMA branches and field offices assigned to him provide the facilities for this functional coordination. In addition to the branches specifically assigned to him, all the PMA branches and offices, including the staff units, report to him on the phases of their activities which relate to his functional area and act as his staff.

The Assistant Administrator for Commodity Credit Corporation is responsible for CCC operations and program finance activities, including CCC financing, purchases, sales, inventory and related supply, and diversion operations, that are incident to loans, price support, foreign supply, and the diversion of domestic surpluses. This responsibility includes related Section 32 activities. He supervises directly the activities of the Price Support and Foreign Supply Branch, the Fiscal Branch, and the Shipping and Storage Branch.

The Price Support and Foreign Supply Branch maintains coordination between the Administrator and the commodity and other PMA branches participating in CCC and related programs; provides the

Assistant Administrator with specialized economic advice and maintains a follow-through system on programs to assure timely scheduling; and reviews the inventory position of commodity stocks, and maintains liaison with claimants under supply programs.

The Fiscal Branch formulates policies and procedures for the fiscal and related activities of PMA, its agents and others financed with PMA funds; and maintains control accounts and records, and prepares fiscal reports on PMA financial operations.

The Shipping and Storage Branch is responsible for shipping, storing, and delivering assigned commodities in accordance with export and domestic delivery programs; and serves as liaison with Federal agencies and other groups on shipping and storage activities.

The Commodity Credit Corporation is a financing and control agency. CCC utilizes PMA's staff and facilities in carrying out its programs. The appropriate PMA branch, under the direction of the Assistant Administrator for CCC, develops and recommends a commodity program, which is then submitted to the CCC board of directors for review. Except for the Secretary of Agriculture (board chairman), the Under Secretary, and the Assistant Secretary, all board members are PMA officials. If the board approves the recommended program, CCC finances the operation. (Activities of the Commodity Credit Corporation during the 1946-47 fiscal year are covered in a separate report.)

The Assistant Administrator for Production is responsible for production activities, including the agricultural conservation and adjustment programs, farm marketing quotas, farm labor supply, and other PMA programs that involve direct dealings with farmers through the State and county committees. He coordinates commodity-branch production activities and coordinates all the PMA programs administered through the State and county offices. He supervises directly the activities of the Agricultural Conservation Programs Branch, the Labor Branch, and the PMA State offices.

The Agricultural Conservation Programs Branch analyzes results of previous programs to determine the policies likely to obtain the greatest agricultural conservation within funds available; integrates PMA planning dealing with allotments and goals, marketing quotas, parity payments and allotment payments as they affect the Agricultural Conservation Program, and over-all land utilization; determines, on the basis of State recommendations, the need for conservation with respect to water, erosion control, range and pasture, cover and green-manure crops, and forestry, and the need for fertilizer and other conservation materials and practices; and determines current requirements and future needs of fertilizer materials, contracts for conservation materials, and allocates conservation materials among the States.

The Labor Branch coordinates the development of programs for meeting PMA farm-labor problems; negotiates with foreign government contracts covering importation of agricultural workers; obtains the necessary transportation for imported agricultural workers, and schedules all their international and interstate movements (and intrastate movements of 25 workers or more) and develops standards governing facilities used to house and feed agricultural workers; and develops programs for medical services, sanitation, and safety and accident prevention.

The Assistant Administrator for Marketing is responsible for marketing activities which include PMA's research, inspection, service, distribution, and regulatory programs related to marketing; for programs for expanded use, through trade channels, of agricultural commodities which otherwise might become surplus; and for coordinating current marketing information on packaging, transportation, handling, and merchandising problems. He supervises directly the activities of the Marketing Facilities Branch and the Food Distribution Programs Branch.

The Marketing Facilities Branch handles adjustments in freight rates and services for food agencies and growers, and administers section 201 (Public Law 320) of the Agricultural Adjustment Act of 1938 covering adjustments in freight rates for farm products; conducts—in collaboration with the commodity branches—research and service activities to improve marketing facilities and methods for the physical handling of food products; administers the United States Warehouse Act, which authorizes the Federal licensing of warehouses in which agricultural products are stored for shipment in interstate commerce; inspects warehouses in which USDA-owned food products are stored; and issues cold-storage and margarine reports.

The Food Distribution Programs Branch plans and directs the school lunch program pursuant to the National School Lunch Act; formulates domestic food-distribution programs and conducts studies of the methods of operation and economic effects of such programs; directs the operation of direct-distribution and food-preservation programs; supervises cooperative programs aimed at solving distribution problems that interfere with the wider marketing of agricultural commodities; and plans and develops Nation-wide programs for improving nutritional standards and food habits.

At the end of the fiscal year, plans had been completed to add to the organization a Marketing Research Branch, which also would be supervised directly by the Assistant Administrator for Marketing. This branch will conduct research looking to the technical improvement of transportation methods, packing and packaging, and wholesale and retail market and distribution practices, trade barriers, new uses, and international trade problems which cut across commodity lines. It will work with committees on research under the Research and Marketing Act of 1946.

There are nine commodity branches: Cotton, Dairy, Fats and Oils, Fruit and Vegetable, Grain, Livestock, Poultry, Sugar, and Tobacco. They are under the administrative direction of the Administrator and the functional direction of the appropriate Assistant Administrator. For assigned commodities, these branches—

- (1) Provide the appropriate Assistant Administrator with technical guidance in the formulation of programs, policies, and procedures dealing with production, marketing, adjustment, loan, purchase, diversion, export, import, price support, farm marketing quotas, processing, and distribution. The commodity branches review and analyze State office recommendations, and make recommendations regarding the programs and policies for consideration by State offices before approval by the Administrator.

- (2) Conduct marketing investigations and development work to improve handling, packaging, standardization, processing, inspection, and the development of new products, processes, and uses.

- (3) Conduct inspection, grading, and market news programs.
- (4) Administer agricultural marketing agreement and order programs.

(5) Administer regulatory and marketing service acts that are assigned among them as follows: Cotton Branch—Cotton Futures Act, Cotton Standards Act, Cotton Grade and Staple Statistics Act, Cotton Service Testing Act, Cotton Fiber Testing Act; Fruit and Vegetable Branch—Standard Container Acts, Produce Agency Act, Perishable Agricultural Commodities Act, Export Apple and Pear Act; Grain Branch—U. S. Grain Standards Act, Federal Seed Act; Livestock Branch—Packers and Stockyards Act, Insecticide Act, Wool Standards Act; Sugar Branch—Sugar Act of 1937; Tobacco Branch—Tobacco Stocks and Standards Act, Tobacco Inspection Act, Tobacco Seed and Plant Exportation Act, Naval Stores Act.

PMA has four staff units—Office of Audit, Budget and Management Branch, Compliance and Investigation Branch, and Information Service.

The Office of Audit formulates audit policies and directs the audit and examining activities of PMA, its agents, and others financed with PMA funds; conducts cost analyses of commercial organizations or individuals contracting with PMA, for the purpose of providing financial data to enable PMA officials to renegotiate or terminate contracts.

The Budget and Management Branch is responsible for the budgetary procedure, administrative management, organization, personnel, and administrative-services functions of PMA.

The Compliance and Investigation Branch investigates violations involving food orders and PMA's programs of procurement, sales, subsidy, price support, school lunch, surplus-property disposal, agricultural adjustment and conservation, and regulation; conducts accounting investigations, and installs and services accounting systems for market administrators and others.

The Information Service collects and disseminates factual information on PMA programs and operations; furnishes requested information to other Government agencies, producers, processors, trade associations, newspapers, trade and general magazines, wire services, and radio stations.

The PMA State offices are an important part of the PMA field organization. Under the administrative direction of the Assistant Administrator for Production, the PMA State offices and the PMA State committees are responsible for administration in the field of the agricultural conservation and adjustment program, price-support operations (as assigned), commodity loans, Sugar Act payments, and other programs as assigned. They determine the production and marketing needs of the State based upon the recommendation of the county offices and analysis of other information available to the State office; they make recommendations to the Assistant Administrator for Production as a basis for formulating and modifying policies, programs, and procedures and consider Washington branch recommendations on policies, programs, and procedures. They adapt programs to State needs, and provide general guidance to county agricultural conservation committees.

A State committee has three to five members, most of them farmers, and it provides the necessary administrative connecting link between

the Administrator of PMA and the county and local committees. The State committees make possible a concerted Nation-wide effort to conserve the soil. They not only administer the program in the States, but they also provide a means of incorporating locally needed conservation practices into the national program.

Every agricultural community or township in the United States has its farmer-elected committeemen. Each year between the end of one production season and the beginning of the next, farmers participating in the agricultural conservation program hold elections in each of the Nation's 34,134 agricultural communities to name 3 of their number to membership on the local community or township committee. They also elect delegates to a county meeting at which 3 of the county's participating farmers are named to the county committee.

This organization of farmers, more than 9,000 committeemen and more than 100,000 community committeemen, is the strong backbone of PMA's operations in the field of production. The primary function of these committees is to develop program practices, adapt practices to local conditions, and provide the necessary local assistance in administering the program. The effectiveness of their united effort largely determines the Nation's progress in saving the soil.

The foregoing organization handles the field activities of the Agricultural Conservation Programs Branch. The State offices assist the Administrator in coordinating all PMA programs within the State. They carry out all PMA field activities in programs that deal directly with the farmer.

There are also Commodity Credit Corporation field offices in a number of cities to handle various shipping and storage, fiscal, and commodity-merchandising functions. These CCC offices are under the administrative direction of the Assistant Administrator for CCC, and receive technical direction from the Fiscal and the Shipping and Storage Branches. Program instructions originating in Washington PMA units are cleared through the Assistant Administrator for CCC.

In addition, the nine commodity branches, the four staff units, and the Marketing Facilities Branch, the Labor Branch, and the Food Distribution Programs Branch each has field offices to carry out the programs assigned to it. These field offices are under the direction and supervision of the appropriate Washington unit. (See organization chart, fig. 1.)

AGRICULTURAL CONSERVATION PROGRAM

Conservation of soil and water as a means of maintaining abundant production of food and fiber—both now and in the years to come—is the primary purpose of the Agricultural Conservation Program.

The conservation practices carried out by the 4 million farmers who have cooperated in the program during the past 12 years have helped to make possible the high level of production maintained during the war and postwar years. These practices will continue to be a vital factor in holding agricultural production high enough to meet the needs of consumers in this country and to share with the hungry of other lands. The practical assistance to these farmers has helped to make effective the research and educational work of State and other Federal agencies.

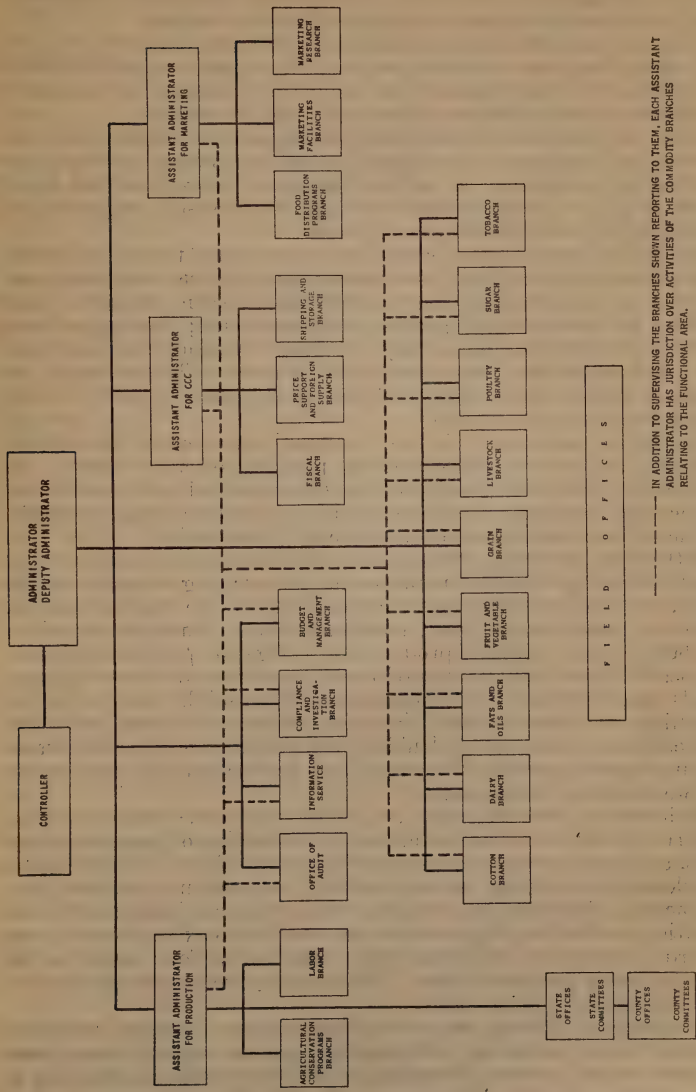


Figure 1.—Organization of the Production and Marketing Administration.

Likewise, the work done by Land-Grant Colleges, the Extension Service, Experiment Stations, the Soil Conservation Service, and other cooperating agencies—both State and Federal—have made more effective the work of the Agricultural Conservation Program.

Also, the assistance given farmers in payments and materials to help them carry out conservation practices is just as much a public investment in conservation as are public expenditures for education and for technical assistance to farmers. All are needed.

What has been done is only the beginning of what needs to be done. Erosion and depletion of soil still go on at a faster rate than the building up processes. A half-million acres of cropland are being lost each year. The per capita acreage of harvested cropland has shrunk in 25 years from $3\frac{1}{4}$ to $2\frac{1}{2}$ acres.

Conservation practices, carried out on more than two-thirds of the Nation's cropland in 1946, have slowed down the washing away and wearing out of the soil on the farms of participating farmers. Lost fertility has been restored; gullies have been healed; blowing has been checked; irrigation water has been used more efficiently; depleted pastures and range land have been brought back. The dividends are increased production of food and fiber and greater security in continued abundant production.

Grasslands, particularly in the Northeast, improved by the application of lime and phosphate and the planting of more clovers, are returning dividends in greater and more economical milk production. At the same time these grasslands have been protected against erosion and depletion as a safeguard for future milk production.

In the West, reseeding of range land, the construction of stock-water dams, balancing livestock numbers to the carrying capacity of the range, and similar range conservation practices are making possible increased production of beef, lamb, and wool. Valuable topsoil is also being saved for future production. Irrigation practices are making possible more efficient use of limited supplies of water. Lining canals, land leveling, the construction of overnight reservoirs, the installing of approved head gates and weirs, and better irrigation methods are in cases even doubling the production from the water reaching growing crops. Increased food production with less erosion and wasted water is the result.

In the South, terracing, cover crops, green manure, contour farming, construction of drains, sod waterways, the reseeding of permanent pastures, and erosion-control dams are protecting the soil from erosion and depletion, building up lost fertility, and making the land more productive. Cotton yields are improved. Pastures, improved by conservation, are making it possible to increase livestock numbers—a step toward a more balanced agriculture. More of the food needed in the South is being produced there. This area is also producing more of the food needed in other areas.

In the Great Plains, strip cropping, contour farming, protected summer-fallow, terracing, reforestation, erosion control dams, green manure, drains, control of weeds, and sod waterways are helping to improve the soil and keep it at home where it will produce more wheat, corn, potatoes, pork, and beef. Although food production requirements at this time call for more wheat, corn, and soybeans, conservation practices that go along with this production—strip cropping, con-

tour farming, terracing, and protected summer fallow—reduce the dangers of wind and water erosion.

One of the immediate and critical problems of the day is how to maintain production at levels high enough to meet the current strong demands for food and fiber in this country and to have enough to share with the hungry peoples in other countries without badly damaging our soils. To meet this problem the agricultural conservation program makes it possible for farmers to carry out conservation practices that increase current production and at the same time help to maintain fertility for the long pull ahead.

The fact that farm prices and farm incomes are at relatively high levels is no guarantee that farmers themselves can or will adequately protect and conserve their soils. For one reason, this new prosperity means little to a large percentage of farmers—the two-thirds who are the smaller farmers with lower incomes. They have not, as a rule, been in position to take advantage, to any large extent, of the better market opportunities. Such gains as they have made have tended to be offset by the higher costs of farm supplies and family living. Higher prices not infrequently stimulate a more speculative and exploitive type of farming. The conservation program has a major problem in offsetting this tendency by emphasizing practices that give stability and permanency.

Conservation measures divide roughly into two classes: (1) More or less permanent measures, such as terraces, ditches, dams, reforestation, drains, and the establishing of permanent pasture; (2) practices that have to be repeated frequently and that usually, to be fully effective, need to be merged with other practices into conservation systems of farming. Examples are cover crops, the application of lime and phosphate, protected summer fallow, contour farming, strip cropping, and regulated grazing on the range.

The measures of the first type are relatively easy to visualize and administer. The greater difficulties of policy and administration center around the second type. Among the questions relating to them are: Which of these practices is appropriate, and to what extent for the use of public funds; how can aid be limited to those practices and cases where it is essential if soil-conserving systems are to be carried out? How can it be determined how fast it is possible to withdraw aid as practices become established? Can the program aid be adjusted so that it goes to those farms where it is required and in the relative amounts needed to give the maximum results?

Naturally, with the great variety of climate, soil, and topography in this country, there must be a variation of conservation practices to meet the needs of each section and area. Through increasing the responsibilities of State, county, and community committees in adapting and administering the program, this variation in needs is being met.

Practices approved under the 1946 agricultural conservation program had to meet one or more of these standards: (1) Maintain or increase soil fertility; (2) control or prevent erosion; (3) conserve and make more efficient the use of irrigation water; (4) conserve and improve range and pasture lands.

The conservation practices carried out under the 1946 program add to the expanding benefits of past years. During the 11 years of the program—1936-46—farmers cooperating with the Government in

TABLE 1.—Participation in, and estimated gross payments under, the agricultural conservation program, by States, 1946

| State | Participating farms or ranches | Cropland on participating farms | Total cropland | Percent- age of cropland covered | Total noncrop open pasture | Participants | Estimated gross payments ¹ | Average payment per participant |
|--------------------|--------------------------------|---------------------------------|----------------|----------------------------------|----------------------------|--------------|---------------------------------------|---------------------------------|
| | Number | Thousand acres | Thousand acres | Percent | Thousand acres | Number | Thousand dollars | Dollars |
| Maine..... | 12,074 | 1,070 | 1,306 | 81.9 | 633 | 12,074 | 1,029 | 85.17 |
| New Hampshire..... | 7,060 | 402 | 471 | 85.4 | 422 | 7,046 | 398 | 56.47 |
| Vermont..... | 12,029 | 820 | 1,023 | 80.2 | 1,304 | 12,029 | 947 | 78.69 |
| Massachusetts..... | 8,780 | 420 | 557 | 75.4 | 600 | 8,780 | 751 | 85.52 |
| Rhode Island..... | 919 | 30 | 68 | 44.1 | 70 | 919 | 83 | 90.79 |
| Connecticut..... | 5,457 | 262 | 348 | 75.3 | 424 | 5,462 | 556 | 101.73 |
| New York..... | 74,660 | 5,675 | 7,666 | 74.0 | 6,248 | 75,175 | 6,622 | 88.09 |
| New Jersey..... | 11,537 | 867 | 1,156 | 75.0 | 179 | 11,855 | 1,238 | 104.47 |
| Pennsylvania..... | 84,938 | 5,535 | 7,612 | 72.7 | 2,798 | 92,567 | 5,748 | 62.09 |
| | 217,454 | 15,081 | 20,207 | 74.6 | 12,678 | 225,907 | 17,372 | 76.90 |
| Ohio..... | 137,636 | 9,633 | 13,637 | 70.6 | 4,119 | 175,890 | 9,616 | 54.67 |
| Indiana..... | 122,759 | 10,620 | 14,581 | 72.8 | 1,053 | 152,619 | 6,509 | 42.65 |
| Illinois..... | 154,529 | 18,809 | 25,122 | 74.9 | 2,792 | 185,192 | 12,257 | 66.18 |
| Michigan..... | 114,529 | 8,276 | 11,792 | 70.2 | 802 | 145,746 | 8,079 | 55.43 |
| Wisconsin..... | 135,973 | 10,233 | 13,056 | 78.4 | 3,605 | 146,646 | 9,832 | 67.04 |
| Minnesota..... | 118,646 | 14,931 | 22,000 | 67.9 | 3,139 | 127,625 | 8,810 | 69.03 |
| Iowa..... | 159,424 | 20,188 | 25,967 | 77.7 | 5,108 | 177,625 | 12,389 | 63.31 |
| Missouri..... | 134,920 | 12,021 | 19,046 | 63.1 | 7,237 | 148,678 | 11,528 | 77.53 |
| North Dakota..... | 47,805 | 18,703 | 24,556 | 76.2 | 15,636 | 49,221 | 6,406 | 129.32 |
| South Dakota..... | 34,905 | 10,003 | 16,972 | 58.9 | 28,086 | 36,990 | 5,410 | 146.25 |
| Nebraska..... | 93,294 | 14,650 | 20,960 | 69.9 | 25,241 | 113,377 | 10,613 | 93.60 |
| Kansas..... | 64,003 | 17,835 | 29,410 | 60.6 | 19,754 | 78,685 | 10,021 | 127.36 |
| | 1,318,773 | 165,902 | 237,099 | 70.0 | 116,572 | 1,556,350 | 111,470 | 71.62 |

| | | | | | | | | |
|--------------------------------|-------------|----------|----------|-------|----------|-------------|----------|---------|
| Delaware----- | 6, 133 | 459 | 664 | 69. 1 | 11 | 6, 803 | 629 | 92. 41 |
| Maryland----- | 19, 566 | 1, 772 | 2, 463 | 71. 9 | 331 | 21, 723 | 2, 640 | 121. 51 |
| Virginia----- | 73, 106 | 3, 870 | 5, 629 | 68. 8 | 2, 619 | 78, 043 | 5, 808 | 74. 42 |
| West Virginia----- | 38, 519 | 1, 191 | 1, 967 | 60. 5 | 2, 965 | 33, 524 | 2, 560 | 76. 36 |
| North Carolina----- | 143, 442 | 5, 661 | 8, 145 | 69. 5 | 1, 015 | 161, 537 | 7, 436 | 45. 97 |
| South Carolina----- | 49, 023 | 3, 600 | 5, 636 | 63. 9 | 4, 460 | 50, 889 | 2, 673 | 52. 53 |
| Georgia----- | 62, 547 | 6, 283 | 10, 806 | 58. 1 | 1, 192 | 66, 050 | 7, 206 | 109. 10 |
| Florida----- | 21, 644 | 1, 211 | 2, 274 | 53. 3 | 9, 069 | 22, 798 | 3, 152 | 138. 26 |
| | 408, 980 | 24, 047 | 37, 584 | 64. 0 | 17, 662 | 441, 369 | 32, 094 | 72. 71 |
| Kentucky----- | 137, 622 | 9, 799 | 12, 039 | 81. 4 | 2, 009 | 143, 592 | 11, 696 | 81. 45 |
| Tennessee----- | 100, 477 | 6, 303 | 9, 286 | 67. 9 | 2, 368 | 101, 582 | 7, 261 | 71. 48 |
| Alabama----- | 67, 249 | 5, 166 | 8, 926 | 57. 9 | 1, 571 | 73, 991 | 4, 934 | 66. 69 |
| Mississippi----- | 57, 166 | 5, 099 | 8, 670 | 58. 8 | 2, 439 | 58, 980 | 6, 624 | 112. 31 |
| Arkansas----- | 74, 518 | 6, 263 | 9, 906 | 63. 2 | 1, 096 | 81, 576 | 6, 046 | 74. 11 |
| Louisiana----- | 31, 273 | 2, 998 | 5, 768 | 52. 0 | 1, 753 | 33, 674 | 3, 703 | 109. 97 |
| Oklahoma----- | 66, 541 | 8, 306 | 18, 143 | 45. 8 | 15, 495 | 70, 080 | 8, 523 | 121. 62 |
| Texas----- | 141, 865 | 21, 395 | 40, 288 | 53. 1 | 100, 361 | 152, 498 | 21, 703 | 142. 32 |
| | 676, 711 | 65, 329 | 113, 026 | 57. 8 | 126, 092 | 715, 973 | 70, 490 | 98. 45 |
| Montana----- | 17, 628 | 8, 137 | 12, 263 | 66. 4 | 49, 987 | 18, 523 | 4, 537 | 243. 68 |
| Idaho----- | 17, 941 | 3, 202 | 4, 793 | 66. 8 | 12, 642 | 21, 119 | 3, 060 | 144. 89 |
| Wyoming----- | 7, 161 | 1, 650 | 2, 186 | 75. 5 | 29, 883 | 7, 515 | 2, 431 | 323. 49 |
| Colorado----- | 21, 759 | 6, 718 | 9, 133 | 73. 6 | 32, 017 | 24, 296 | 4, 260 | 175. 35 |
| New Mexico----- | 11, 148 | 2, 029 | 2, 764 | 73. 4 | 45, 412 | 12, 172 | 3, 538 | 290. 67 |
| Arizona----- | 2, 712 | 600 | 997 | 60. 2 | 39, 314 | 3, 005 | 2, 185 | 727. 00 |
| Utah----- | 11, 645 | 1, 221 | 1, 706 | 71. 6 | 13, 823 | 11, 962 | 1, 677 | 140. 21 |
| Nevada----- | 1, 263 | 236 | 364 | 64. 8 | 5, 559 | 1, 292 | 3, 397 | 307. 06 |
| Washington----- | 20, 994 | 5, 567 | 7, 263 | 76. 6 | 14, 400 | 21, 563 | 3, 167 | 146. 85 |
| Oregon----- | 17, 423 | 2, 935 | 5, 271 | 76. 7 | 13, 640 | 17, 883 | 3, 157 | 178. 55 |
| California----- | 27, 613 | 4, 337 | 9, 983 | 43. 4 | 23, 603 | 27, 869 | 6, 390 | 229. 30 |
| | 157, 287 | 36, 632 | 56, 723 | 64. 6 | 282, 280 | 167, 199 | 34, 799 | 208. 13 |
| | 2, 779, 205 | 306, 991 | 464, 639 | 66. 1 | 555, 284 | 3, 106, 798 | 266, 225 | 85. 69 |
| Continental United States----- | | | | | | | | |

See footnotes at end of table.

TABLE 1.—*Participation in, and estimated gross payments under, the agricultural conservation program, by States, 1946—Continued*

| State | Participating farms or ranches | Cropland on participating farms | Total cropland | Percent-age of cropland covered | Total noncrop open pasture | Participants | Estimated gross payments ¹ | Average payment per participant |
|---------------------------------|--------------------------------|---------------------------------|----------------|---------------------------------|----------------------------|--------------|---------------------------------------|---------------------------------|
| | | Thousand acres | Thousand acres | Percent | Thousand acres | Number | Thousand dollars | Dollars |
| Alaska..... | Number 109 | 5 | 11 | 45.5 | 5 | 111 | 11 | 94.16 |
| Hawaii..... | 123 | 123 | 285 | 43.2 | 1,335 | 1,189 | 94 | 79.15 |
| Puerto Rico..... | 68,787 | 782 | 867 | 90.2 | 1,675 | 94,867 | 765 | 8.06 |
| Insular..... | 70,085 | 910 | 1,163 | 78.2 | 2,015 | 96,167 | 870 | 9.04 |
| Naval Stores ² | 2,152 | 0 | 0 | 0 | 0 | 2,152 | 469 | 217.98 |
| Total..... | 2,851,442 | 307,901 | 465,802 | 66.1 | 557,299 | 3,205,117 | 267,564 | 83.48 |

¹ Includes increases for small payment and decreases for \$10,000 limitation.² Includes Alabama, Florida, Georgia, Louisiana, Mississippi, and South Carolina.³ Number of participants.

TABLE 2.—Selected conservation practices carried out under the Agricultural Conservation Program, by States, 1946

| State | Application of ground limestone or equivalent | Application of 20 per cent phosphate or equivalent | Application of mulching materials | Green manure and cover crops | Construction of terraces | Contour farming | | Protecting summer fallow |
|--------------------|---|--|-----------------------------------|------------------------------|--------------------------|-------------------|------------------|--------------------------|
| | | | | | | Intertilled crops | Close-sown crops | |
| | Tons | Tons | Tons | Acres | 1,000 feet | Acres | Acres | Acres |
| Maine..... | 93, 024 | 16, 803 | 4, 826 | 1, 582 | 2 | 4, 887 | 2, 151 | ----- |
| New Hampshire..... | 47, 151 | 10, 311 | ----- | ----- | ----- | ----- | ----- | ----- |
| Vermont..... | 85, 254 | 30, 596 | 1, 177 | ----- | ----- | ----- | ----- | ----- |
| Massachusetts..... | 78, 950 | 14, 535 | 5, 387 | 29, 452 | 9 | 52 | 15 | ----- |
| Rhode Island..... | 8, 690 | 2, 254 | ----- | ----- | ----- | ----- | ----- | ----- |
| Connecticut..... | 84, 425 | 9, 204 | ----- | 30, 550 | ----- | ----- | ----- | ----- |
| New York..... | 901, 086 | 142, 795 | 29, 099 | 137, 495 | 8 | ----- | ----- | ----- |
| New Jersey..... | 206, 607 | 25, 240 | 3, 277 | 226, 217 | ----- | 2, 259 | ----- | ----- |
| Pennsylvania..... | 1, 257, 489 | 58, 781 | ----- | 93, 176 | ----- | ----- | ----- | ----- |
| | 2, 762, 676 | 310, 519 | 43, 766 | 518, 472 | 19 | 7, 198 | 2, 166 | ----- |
| Ohio..... | 1, 931, 263 | 141, 706 | 11, 162 | 207, 173 | 45 | 7, 099 | 4, 899 | ----- |
| Indiana..... | 2, 548, 061 | 112, 466 | 1, 999 | 163, 947 | 1, 497 | 39, 137 | 32, 935 | ----- |
| Illinois..... | 4, 774, 935 | 228, 127 | 404 | 490, 580 | 399 | 110, 938 | 49, 474 | ----- |
| Michigan..... | 970, 402 | 132, 150 | 16, 385 | 457, 842 | ----- | 99, 037 | 126, 583 | ----- |
| Wisconsin..... | 2, 242, 448 | 117, 436 | ----- | 128, 292 | 366 | 48, 447 | 45, 739 | ----- |
| Minnesota..... | 321, 424 | 63, 161 | 1, 107 | 782, 891 | 131 | 19, 035 | 37, 272 | 206, 185 |
| Iowa..... | 3, 190, 420 | 94, 702 | ----- | 1, 524, 183 | 6, 221 | 830, 615 | 321, 708 | ----- |
| Missouri..... | 2, 827, 603 | 106, 366 | ----- | 277, 668 | 17, 408 | 282, 959 | 140, 405 | ----- |
| North Dakota..... | ----- | 1, 080 | ----- | 15, 715 | ----- | 1, 151 | 2, 245 | 3, 072, 037 |
| South Dakota..... | ----- | 543 | ----- | 287, 811 | 1, 932 | 154, 229 | 288, 821 | 3, 170, 971 |
| Nebraska..... | ----- | ----- | ----- | 874, 069 | 19, 558 | 765, 588 | 359, 561 | 1, 273, 926 |
| Kansas..... | 916, 563 | 18, 113 | 268 | 274, 374 | 23, 724 | 193, 161 | 314, 527 | 3, 114, 798 |
| | 19, 723, 119 | 1, 015, 850 | 31, 325 | 5, 484, 545 | 71, 281 | 2, 551, 396 | 1, 724, 169 | 7, 837, 917 |

See footnotes at end of table.

TABLE 2.—Selected conservation practices carried out under the Agricultural Conservation Program, by States, 1946—Con.

| State | Application of ground limestone or equivalent | Application of 20 percent superphosphate or equivalent ¹ | Application of mulching materials | Green manure and cover crops | Construction of terraces | Contour farming | | Protecting summer fallow |
|---------------------|---|---|-----------------------------------|------------------------------|--------------------------|-------------------|------------------|--------------------------|
| | Tons | Tons | Tons | Acres | 1,000 feet | Intertilled crops | Close-sown crops | |
| Delaware..... | 84, 124 | 2, 773 | ----- | 65, 771 | ----- | ----- | ----- | ----- |
| Maryland..... | 399, 734 | 24, 702 | ----- | 285, 371 | ----- | ----- | ----- | ----- |
| Virginia..... | 949, 740 | 142, 824 | ----- | 227, 752 | 1, 455 | 6, 083 | ----- | ----- |
| West Virginia..... | 529, 171 | 42, 356 | ----- | 7, 619 | ----- | ----- | ----- | ----- |
| North Carolina..... | 586, 360 | 71, 031 | ----- | 1, 197, 525 | 22, 882 | 15, 634 | 1, 418 | ----- |
| South Carolina..... | 107, 893 | 43, 184 | ----- | 1, 680, 170 | 12, 379 | 3, 537 | ----- | ----- |
| Georgia..... | 249, 963 | 119, 541 | ----- | 1, 174, 631 | 38, 935 | ----- | ----- | ----- |
| Florida..... | 85, 559 | 104, 628 | 975 | 305, 088 | 1, 220 | ----- | ----- | ----- |
| ----- | 2, 992, 544 | 551, 039 | 975 | 3, 943, 927 | 76, 871 | 25, 254 | 1, 418 | ----- |
| Kentucky..... | 956, 390 | 131, 244 | ----- | 1, 161, 407 | 1, 317 | 30, 496 | ----- | ----- |
| Tennessee..... | 888, 438 | 126, 222 | ----- | 732, 969 | 13, 807 | 1, 375 | ----- | ----- |
| Alabama..... | 96, 401 | 126, 396 | ----- | 769, 882 | 31, 590 | ----- | ----- | ----- |
| Mississippi..... | 254, 975 | 109, 802 | ----- | 743, 982 | 43, 171 | ----- | ----- | ----- |
| Arkansas..... | 149, 759 | 35, 616 | ----- | 1, 337, 103 | 6, 578 | 272, 197 | ----- | ----- |
| Louisiana..... | 96, 337 | 87, 587 | ----- | 521, 232 | 9, 152 | ----- | ----- | ----- |
| Oklahoma..... | 431, 387 | 16, 839 | ----- | 410, 734 | 47, 243 | 525, 798 | 616, 567 | 223, 074 |
| Texas..... | 102, 138 | 101, 536 | ----- | 1, 297, 242 | 109, 106 | 3, 046, 853 | 918, 605 | 575, 890 |
| ----- | 2, 975, 825 | 685, 242 | ----- | 6, 974, 511 | 261, 964 | 3, 876, 719 | 1, 535, 172 | 798, 964 |
| Montana..... | 122 | 7, 357 | ----- | 30, 263 | 24 | ----- | 446 | 368, 565 |
| Idaho..... | ----- | 19, 557 | 558 | 68, 114 | 247 | 672 | 9, 790 | 439, 026 |
| Wyoming..... | ----- | 2, 375 | ----- | 20, 969 | ----- | 267 | 1, 353 | 39, 549 |
| Colorado..... | 12, 322 | 12, 006 | 662 | 47, 864 | 367 | 59, 604 | 41, 054 | 1, 461, 336 |
| New Mexico..... | ----- | 10, 232 | ----- | 6, 485 | 1, 012 | 190, 144 | 267, 676 | 425, 498 |

| State | Striper- ping Acres | Sod water- ways 1,000 sq. ft. | Water facilities | | | Seeding or reseeding pasture and range land Acres | Grazing land manage- ment ² Acres | Planting trees Acres |
|--------------------|---------------------------|-------------------------------------|----------------------------------|-----------------|--------------------------------|--|--|----------------------------|
| | | | Reservoirs and dams Number | Wells Number | Springs and seeps Number | | | |
| Arizona----- | ----- | 5,935 | ----- | 30,157 | 138 | 1,707 | 94 | ----- |
| Utah----- | ----- | 7,776 | 669 | 8,040 | 30 | ----- | 23,862 | 197,667 |
| Nevada----- | ----- | 591 | ----- | 8,815 | ----- | ----- | ----- | ----- |
| Washington----- | 28,638 | 20,155 | 39,801 | 67,942 | ----- | ----- | ----- | 1,639,741 |
| Oregon----- | 42,492 | 13,179 | 4,940 | 91,519 | ----- | ----- | 81,664 | 401,438 |
| California----- | 28,946 | 43,322 | 24,423 | 486,515 | 175 | 2,026 | 11,293 | 438,184 |
| United States----- | 112,520 | 142,485 | 71,053 | 858,683 | 1,993 | 254,420 | 437,232 | 5,411,004 |
| | 28,566,684 | 2,705,135 | 147,119 | 17,780,138 | 412,128 | 6,714,987 | 3,700,157 | 14,047,885 |
| Maine----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | 62 |
| New Hampshire----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | 87 |
| Vermont----- | ----- | 4,086 | ----- | ----- | ----- | ----- | ----- | 13 |
| Massachusetts----- | 91 | 97 | ----- | ----- | ----- | ----- | ----- | 39 |
| Rhode Island----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | 3 |
| Connecticut----- | ----- | ----- | 167 | ----- | ----- | 26,192 | ----- | ----- |
| New York----- | 3,019 | 1,195 | ----- | ----- | ----- | 2,376 | ----- | 855 |
| New Jersey----- | 23,419 | 1,136 | 20 | ----- | ----- | ----- | ----- | ----- |
| Pennsylvania----- | 29,773 | 6,514 | 187 | ----- | ----- | 28,568 | ----- | 1,059 |
| Ohio----- | 46,444 | 21,795 | 561 | ----- | ----- | 12,390 | ----- | 1,193 |
| Indiana----- | 1,916 | 37,245 | 1,063 | ----- | ----- | 13,876 | ----- | 483 |
| Illinois----- | 7,891 | 43,881 | 215 | ----- | ----- | 3,255 | ----- | ----- |
| Michigan----- | 5,447 | ----- | ----- | ----- | ----- | 4,591 | ----- | 4,584 |
| Wisconsin----- | 424,748 | 289,886 | 890 | ----- | ----- | 63,703 | ----- | 2,929 |
| Minnesota----- | 303,538 | 74,104 | ----- | ----- | ----- | 59,236 | ----- | 2,518 |

See footnotes at end of table.

TABLE 2.—Selected conservation practices carried out under the Agricultural Conservation Program, by States, 1946—Con.

| State | Striperprop- ing Acres | Sod water- ways <i>1,000 sq. ft.</i> | Water facilities | | | Seeding or reseeding pasture and range land <i>Acres</i> | Grazing land manage- ment ² <i>Acres</i> | Planting trees <i>Acres</i> |
|---------------------|----------------------------------|--|---|----------------------------|---|---|---|---------------------------------------|
| | | | Reservoirs and dams <i>Number</i> | Wells <i>Number</i> | Springs and seeps <i>Number</i> | | | |
| Iowa..... | 29,404 | 135,809 | 16,275 | | | 32,997 | | 13 |
| Missouri..... | | 52,878 | 10,622 | | | | | 489 |
| North Dakota..... | 1,067,033 | 1,639 | 1,206 | 399 | 102 | 54,573 | 2,556,004 | 1,588 |
| South Dakota..... | 395,853 | 65,116 | 7,980 | 505 | 298 | 188,869 | | 3,364 |
| Nebraska..... | 479,796 | 426,598 | 18,171 | 1,234 | | 192,139 | | 5,914 |
| Kansas..... | 65,379 | 73,050 | 2,768 | 642 | 36 | 21,725 | 2,801,060 | 233 |
| | 2,827,449 | 1,222,762 | 59,751 | 2,780 | 436 | 647,354 | 5,357,064 | 23,308 |
| Delaware..... | | | | | | | | |
| Maryland..... | 8,601 | | | | | 1,724 | | |
| Virginia..... | 6,694 | 6,056 | | | | 13,868 | | |
| West Virginia..... | 2,521 | | | | | | | 117 |
| North Carolina..... | 3,036 | 26,057 | 116 | | | | | |
| South Carolina..... | | | | | | 79,459 | | 314 |
| Georgia..... | | 36,438 | 167 | | | 17,803 | | 1,894 |
| Florida..... | | | | | | 257,832 | | 10,092 |
| | | | | | | 35,946 | | |
| | 20,852 | 68,551 | 283 | | | 406,632 | | 12,417 |
| Kentucky..... | | | | | | | | |
| Tennessee..... | | 2,189 | 2,002 | | | 894,766 | | 341 |
| Alabama..... | | 630 | 1,533 | | | 26,712 | | 171 |
| Mississippi..... | | | 353 | | | 113,177 | | 220 |
| Arkansas..... | | 466 | 7,551 | | | 139,450 | | 1,306 |
| Louisiana..... | | 3,049 | 3,951 | | | 101,928 | | |
| | | | 479 | | | 227,405 | | |

| | | | | | | |
|--------------------|-------------|-------------|----------|--------|--------------|---------|
| Oklahoma----- | 20, 662 | 18, 130 | 15, 764 | 690 | 315, 753 | 43 |
| Texas----- | 56, 142 | 10, 803 | 18, 004 | 3, 133 | 674, 213 | 471 |
| | 76, 804 | 35, 267 | 49, 637 | 3, 823 | 2, 493, 404 | 2, 552 |
| Montana----- | 3, 210, 998 | 4, 178 | 3, 176 | 823 | 70, 878 | 105 |
| Idaho----- | 321 | 1, 846 | 164 | 6 | 29, 655 | 14 |
| Wyoming----- | 247, 512 | 88 | 2, 871 | 562 | 89, 033 | 161 |
| Colorado----- | 216, 739 | 29 | 1, 586 | 730 | 112, 860 | 160 |
| New Mexico----- | 29, 314 | ----- | 4, 760 | 757 | 11, 294 | ----- |
| Arizona----- | 819 | ----- | 1, 068 | 113 | 18, 001 | ----- |
| Utah----- | ----- | 167 | 1, 686 | 38 | 38, 202 | 25 |
| Nevada----- | ----- | ----- | 39 | 20 | 6, 832 | ----- |
| Washington----- | ----- | 8, 553 | 37 | 11 | 2, 270, 673 | 61 |
| Oregon----- | 1, 415 | 2, 519 | 752 | 133 | 146, 278 | ----- |
| California----- | 34, 327 | 344 | 658 | 422 | 107, 147 | 11 |
| | 3, 741, 445 | 17, 724 | 16, 797 | 3, 218 | 97, 449 | ----- |
| | 6, 696, 323 | 1, 350, 818 | 126, 655 | 9, 821 | 727, 629 | 537 |
| United States----- | | | | | 4, 303, 587 | 39, 873 |
| | | | | | 94, 848, 541 | |

¹ Applied only in connection with conserving crops.

² In addition to "Grazing Land Management" deferred grazing was carried out as follows: North Dakota, 216 acres; South Dakota, 198,573 acres; Nebraska, 1,595,281 acres; Kansas, 1,909 acres; Oklahoma, 245,277 acres; Texas, 1,178,338 acres; Montana, 4,249 acres; Idaho, 1,570 acres; Colorado, 2,980 acres; and New Mexico, 3,881 acres.

conserving soil and water have built 673,000 miles of terraces, carried out cover-crop and green-manure practices on 165 million acres, applied 157 million tons of lime and 13.2 million tons of 20-percent phosphate to aid in establishing protective cover, carried out contour farming on 103 million acres and strip cropping on 53 million acres, established or improved pasture by seeding 33 million acres, and built 705,000 dams and reservoirs for stock water, erosion control, and irrigation.

Under the 1946 program, approximately 28,567,000 tons of lime and 2,705,000 tons of phosphate (20 percent P_2O_5) were applied to farm land. Green-manure and cover crops were established or turned under on 17,780,000 acres. These practices have helped conserve soil and at the same time have aided in increased production of food.

With the improvement in the heavy-machinery and equipment situation, practices which involved the movement of earth were especially emphasized in 1946.

To provide for more efficient use of irrigation water, approximately 751,000 acres of land were leveled. A total of 956 small irrigation reservoirs were constructed. In many instances these reservoirs serve a threefold purpose. They check erosion and serve as stock-water ponds and small storage reservoirs for irrigation.

Since many conservation problems are of a community nature, "pooling agreements" were included again in the 1946 program. Under this provision of the program, a group of farmers could "pool" their resources, including assistance available under the program, in a project of mutual benefit.

A total of 1,185 such agreements were made and the projects completed under the 1946 program. A total of 13,844 farms were affected by these agreements. This cooperative type of conservation was especially adapted to a number of irrigation practices, including the lining of canals, construction of irrigation reservoirs, or the reorganizing of the irrigation system.

Under the 1946 program, approximately 78,000 miles of terraces were constructed to help keep the soil at home. Contour seeding of close-drilled crops was carried out on 3,700,000 acres and of intertilled crops on 6,715,000 acres. Approximately 127,000 dams were built to save water and land.

Range conservation in the West has made possible more economical production of beef, lamb, and wool and at the same time has protected watersheds from erosion and floods. During the period 1936-41, the major part of the program assistance offered was for such range improvements as the development of springs and seeps, the construction of stock-water reservoirs, wells, fences, and fireguards, the eradication of destructive or competitive plants and rodents, the reseeding of seriously depleted areas and abandoned fields, and erosion-control practices such as dams, diversion terraces, contour furrows, and rip-rap. Since then the emphasis has been shifted to better range management. Assistance has been conditioned upon compliance with the provisions of the range-management practice. During the past 5 years the range-management plan has been effectively applied and used on approximately 30 percent of the privately owned grazing lands in the West.

Under the 1946 program, approximately 94,849,000 acres of land were under the grazing land management plan. Deferred grazing has

been carried out on 3,232,000 acres, 87,178 stock-water dams were constructed, 4,304,000 acres of pasture and range land were seeded or reseeded, and 16,099 miles of fireguards were constructed.

Strip cropping, protected summer fallow, and the seeding of grasses and clovers tending to minimize the dangers of blowing in low-rainfall and loose-soil areas received added attention to help counterbalance the effects of high prices for grain and speculative farming. More than 6,696,000 acres of farm land were strip-cropped as a conservation practice under the 1946 program. Protected summer fallow was carried out on 14,048,000 acres of cropland.

LABOR

The farm labor supply program helps provide enough workers to farmers in the production, harvesting, and preparation for market of farm products, and under certain conditions to supply workers for packing, canning, freezing, and processing these commodities. PMA is responsible for the foreign-labor aspects of the emergency farm-labor program, for housing domestic migratory workers in Government-operated camps, and for providing medical care to foreign workers and to domestic agricultural workers housed in Government camps or working in the area served by these camps.

During the 1946 calendar year, the agricultural labor situation was more critical in many areas than at any time during the war. To meet the shortage, 31,096 workers imported in 1945 were held over and an additional 52,141 workers were imported as follows: 2,690 Bahamians, 3,087 Barbadians, 5,533 Canadians, 7,796 Jamaicans, and 32,046 Mexicans. In addition, 59 Barbadians, 198 British Hondurans, and 732 Jamaicans were transferred to PMA for agricultural work by the United States Employment Service. Normal repatriation, sickness, and the number of missing reduced the total imported labor force employed to about 65,500 at the peak period.

The workers were transferred from one critical area to another as rapidly as work was completed. Foreign agricultural workers imported under the program worked an estimated 11,437,809 man-days in 41 States during the 1946 calendar year, and harvested crops having an estimated farm value of \$557,593,000—11.9 percent of the total value of crops of the kinds they harvested that were produced in the States where this labor was employed.

Under the farm labor camp program, PMA during the 1947 fiscal year housed 154,134 persons in farm-labor supply centers at 154 sites in 24 States. Man-days occupancy of the camps, which had a capacity of 84,620 persons, was 13,205,584.

Public Law 40 (80th Cong., 1st sess.) provides that the farm labor supply program conducted pursuant to the Farm Labor Supply Appropriation Act of 1944 may be continued through December 31, 1947, after which it must be liquidated within 30 days. After the liquidation, and in accordance with Public Law 40, the United States Employment Service and the related State employment services will assume responsibility for the farm placement program under the Wagner-Peyser Act (Public Law 30, 73d Cong.)

During the first 5 months of the fiscal year, PMA directed the agricultural wage stabilization program, stemming from the Stabilization

Act of 1942, which was administered through State USDA wage boards. Under the program, increases in farm wages up to \$2.400 a year could be made by employers without approval, and wage ceilings could be promulgated for specific crops when requested by a majority of producers in an area participating in a meeting or referendum.

The regulations were terminated by Executive Order 9801 on November 9, 1946, until which date most of the specific wage ceilings in designated areas remained in effect and two additional specific ceilings were promulgated. Wage boards made continuous studies of ceilings, recommended rate revisions in accordance with changing economic conditions, and revised governmental wage and price policies. Twenty-one changes in the specific wage-ceiling regulations were promulgated.

FOOD-DISTRIBUTION PROGRAMS

PMA's food-distribution programs have a twofold objective: To increase the domestic consumption of agricultural food products and to improve the nutrition of our people. The programs include the school-lunch, direct-distribution, food-preservation, marketing abundant foods, nutrition, national garden, and fat-salvage.

SCHOOL LUNCH

Although the Federal Government has assisted schools serving lunches for more than a decade, 1946-47 was the first year of operation under the permanent authorization provided by the National School Lunch Act of June 1946. The permanent legislation provides that the States assume an increasingly larger share of both the administrative and financial responsibilities. Under the act, the major part of Federal assistance to school lunches is now handled through grant-in-aid to State educational agencies and, for the first time, funds are made available to assist schools in the purchase of lunchroom equipment. In addition, the act permits the Department to hold in reserve part of the funds appropriated for the direct purchase and distribution of foods. This direct distribution of food is in addition to the distribution of foods acquired by the Department under its price-support purchase operations.

The program reached 44,537 schools and 6,016,129 children in 1946-47. To the original Federal appropriation of \$75,000,000, \$6,000,000 was added under a deficiency appropriation in May 1947, when individual school programs had been or were being terminated in many States because funds were exhausted. A total of \$193,000,000 was contributed to the program from sources within the respective States and territories, including the payments made by children for their lunches.

The act has resulted in a decided shift in the scope of PMA's school-lunch activities. Schools now look to State educational agencies rather than to the Department for guidance of their programs. To safeguard the agricultural objectives of the act and to assist State agencies, the first year's experience has indicated that PMA must place greater emphasis upon the following school-lunch activities: (1) A more comprehensive system of control and review of the activities of State agencies at the State level, rather than in individual schools; (2) an increase in technical assistance to States concerning the purchase,

preparation, and serving of food, particularly in relation to maximizing the use of abundant foods, the purchase and lay-out of equipment, and the general management of school-lunch programs; and (3) the development of a system of disbursing program funds to States that will increase their ability to budget funds over the entire school year.

DIRECT DISTRIBUTION

Activities concerned with the direct distribution of food—diverting it from normal channels of trade to children through the school-lunch program, to institutions, and to welfare recipients—were expanded during the year. This expansion was due to: (1) The increase in price support and surplus commodities available for distribution and (2) the direct purchase and distribution program for school lunches authorized by the National School Lunch Act.

During the fiscal year, 250 million pounds of food were removed from normal channels of trade and donated to more than 8½ million recipients. The volume distributed was over 60 percent larger than in the preceding year and largely was accounted for by the increase in the volume of potatoes distributed. Approximately 3.7 million bushels (218 million pounds) of white potatoes were donated to eligible recipients and distribution was made in every State and Puerto Rico and the Virgin Islands. Seven other vegetables, all in fresh form, were distributed for immediate consumption, as well as for processing and later use by the recipients.

Under the provisions of the National School Lunch Act, 15 commodities valued at \$6,000,000 were distributed. All these commodities made important additions to the quality of the lunches served, and distribution was made in accordance with the needs as determined by local school authorities. Approximately 1 million pounds of non-fat dry milk was provided to school-lunch programs and was used as a reconstituted beverage in schools in milk-deficit areas. This program was so successful in 1947 that further expansion is planned for 1948 and should go far in supplying badly needed milk solids to school children living in areas where fluid milk is not available.

The best nutritional buys for school lunches during 1947 were commodities which had marketing difficulties. Thus, these purchases, together with the distribution of price-support commodities, helped to stabilize prices and made possible more orderly marketing of available food supplies. Moreover, these donations not only improved diets of the recipients but also contributed to the permanent expansion of the domestic food market through fostering better food habits among such groups.

FOOD PRESERVATION

The chief aims of PMA's food-preservation program are to provide additional outlets for price-support and locally grown foods during periods of peak supply, thereby avoiding loss through waste and spoilage, and to help to improve the quality of lunches served in schools. During 1947 program activities were concentrated on efforts to expand school-lunch canning activities and to improve operational practices in canning and freezing plants in school, community, and publicly financed institutions.

Plans were developed with the Office of Education whereby technical assistance was provided in remodeling on a volume basis community

canning centers established for family canning under the food-production war-training program. Since Federal funds were no longer provided to pay supervisory costs of these centers, remodeling for greater volume was necessary to operate them on a self-supporting basis and thus keep them open and available as canning outlets for section 32 commodities as well as for local abundances. Technical assistance was provided to tax-supported institutions to increase the capacity of their processing plants, to improve the quality of the finished product, and to reduce costs. As a result, these institutions were able to process greater quantities of locally grown produce during peak production periods, to use larger amounts of section 32 commodities, and to provide better-balanced meals with limited food budgets. In many instances, the increase in processing capacity made it possible for institutions to devote part of their time to canning for school-lunch programs. Throughout the country, 113 workshops in canning and freezing were conducted for supervisors of school-community canneries and for institutional personnel. In all, 546 plants were assisted in problems concerning installation of equipment, plant modifications, and operational practices.

MARKETING ABUNDANT FOODS

When supplies of a particular food are in excess of normal demand, special marketing programs are undertaken by PMA to encourage increased consumer purchase and use of that food through normal channels of trade, thereby minimizing the need for price-support or surplus-removal programs.

Special national marketing programs were conducted, featuring potatoes, eggs, broilers and fryers, onions, turkeys, and peaches, in addition to the programs carried out on a local or area basis. All the Department's educational and trade-promotional facilities were used to make these programs effective. Cooperation of distributive trade and allied industry groups was obtained through personal contacts with such organizations. Trade interest and cooperation in these programs were indicated by their efforts to merchandise these foods during the period of the programs and the variety of methods they used to increase sales. Each month a list of foods in plentiful supply is prepared from information furnished by commodity branches. Use of this list by the distributive trades and public feeding industry as an advertising guide assists in evening the flow of the listed commodities through normal channels.

As the emergency pressures upon the domestic food supply eased in 1947, marketing programs for abundant foods received increasingly greater emphasis within the over-all distributive trade relations work of PMA. Lifting of most wartime food controls eliminated the necessity for regular meetings of local food-distribution advisory committees. Local contacts with the distributive trades are now maintained by personal contact with trade associations and leading distributors in the area. Local food distribution advisory committees meet only at the request of their executive subcommittee. It was also possible to end activities designed to assist veterans in obtaining supplies of scarce commodities and those designed to determine the adequacy of the supply of major food items in wholesale marketing areas.

INDUSTRIAL FEEDING

Industrial feeding, a program to increase and improve on-the-job food services for industrial workers, was terminated on May 28, 1947. This activity was begun in wartime when the need for maximum production efficiency made it necessary to provide more adequate meals for workers while on the job. It was continued after the end of hostilities because of the large and concentrated food market that could be developed through the program, especially for foods available in abundance.

Spearheaded by the industrial-feeding program, food services in industrial plants expanded rapidly. Today 9 million workers have access to on-the-job feeding facilities, as compared with 2½ million in 1941. Continued expansion of such facilities is anticipated since both management and labor have been quick to recognize the benefits through greater productive efficiency and improved health of the worker. To the extent that nutritionally adequate meals are made available to and eaten by all industrial workers, agriculture will benefit through increased consumption of products of the farm.

NUTRITION PROGRAMS

Highly important to agriculture are the nutrition programs. PMA's purpose is to maintain coordinated education designed to insure the highest possible level of nutrition for our people. Through an organized channel of Federal, State, and local nutrition committees, efforts are made to get the resources of all public and private nutrition groups squarely behind national food and agricultural objectives.

As the work has shifted to the longer range educational needs of peacetime, more and more local initiative for action programs by State and local committees is being encouraged. Many State and local activities are in support of Federal nutrition programs, such as the school-lunch and the food-preservation, and the prevention of food waste in connection with abundant foods. Reports received recently from 40 actively functioning State nutrition committees reveal at least 27 to be contributing substantially to the school-lunch program in their States.

NATIONAL GARDEN PROGRAM

PMA again cooperated in the national garden program of the Department. This program has been adjusted and broadened in line with the peacetime interests of home gardeners. Nevertheless, at the end of the fiscal year plans were being made to direct major emphasis on maximizing home food production in 1947-48, in view of the critical world need for food. As in the war years, millions of home gardeners need assistance and guidance and local groups need to be encouraged to assume leadership in the program in their community.

During the past year the Department has assumed responsibility for: (1) Developing action programs to guide individual gardeners and garden groups; (2) compiling and releasing information on gardening methods; and (3) through the Extension Service, providing technical assistance to rural and urban home gardeners.

FAT SALVAGE

Fat salvage, a joint industry-Government program, was continued throughout the year because of the need to increase supplies of fats and oils for industrial purposes. The American Fat Salvage Committee, composed of firms that make soap and glycerine and render fats, continued to plan and finance the educational and promotional program. PMA activities were concerned with the maintenance of the voluntary housewife-to-grocer-to-renderer collection system.

MARKETING FACILITIES

One of the assignments of PMA is to improve the physical handling of farm products throughout the marketing channel. This work includes the development of plans and promotion of construction of proper market facilities for the assembly and distribution of all products; finding out how handling costs can be reduced by use of proper kinds of equipment; the conduct of programs designed to obtain adequate transportation facilities and equitable freight rates; and the development and operation of storage programs.

MARKET ORGANIZATION AND FACILITIES

At the close of the year, studies of market facilities were being conducted in 24 localities, including Hartford, New Haven, Columbus, Cleveland, St. Louis, Houston, San Antonio, Baton Rouge, Jackson, Atlanta, Tampa, Columbia, and Richmond. In some cities construction is actually under way. In others nonprofit corporations have been established by the States to build the facilities recommended; financing has been arranged; and land has been bought. In still others, the studies have only begun.

In planning market facilities for farm and food products, both in the large metropolitan areas and in the producing regions, careful studies of the operations of the existing markets must be made to determine specifically existing inefficiencies and inadequacies, what areas the markets serve, and how they are operated, before improved facilities are planned. The facilities recommended must, of course, reduce to a minimum all handling costs in the market and thus bring about a real improvement in the efficiency of handling.

When all the necessary information has been collected and analyzed, PMA representatives meet with local representatives—State and city officials, farmers, distributors, retailers, transportation agencies, warehousemen, chambers of commerce, and others—interested in the improvement of the marketing facility involved. After a complete exchange of views, a report is published.

After the report is published, PMA representatives continue to work with the local people in drawing up any necessary legislation; arranging for financing; explaining plans to the architect employed to supervise construction; working with railroads in arranging for proper track locations and service; consulting with power companies and other utilities for the proper location of lines; and carrying on any other necessary type of activity.

WAREHOUSING

Studies were made early in the season to determine storage requirements, the warehouse capacity in each area, and the location of available warehouse space. On the basis of these studies, "problem areas" were located and programs developed. Work in this field this year was limited to refrigerated warehouse space in certain areas for certain commodities and to grain storage.

Regular surveys were made of all cold-storage warehouses in the United States by types of space, by types of warehouses, and by areas. Also surveyed were the quantities of each commodity stored and the volume of space occupied. As in the past, these surveys were the basis for monthly reports on cold-storage holdings and space occupancy.

Released during the year or in preparation at the end of the year were special reports on apple storage, egg storage, and meat storage; the quantity of frozen fruits and vegetables in storage by size of package; an annual summary of cold-storage stocks; a directory of all refrigerated warehouses in the United States; and a compilation of State laws affecting cold-storage warehouses.

Through the 1,300 warehouses licensed under the United States Warehouse Act last year, more than \$4,000,000,000 worth of farm products moved without financial loss to the storer of any commodity. The cost of maintaining this supervision was about \$1 for every \$7,000 worth of products stored.

The scope of the authority under the act received its first test before the United States Supreme Court. On May 5, 1947, the Court handed down a decision to the effect that the Secretary of Agriculture has exclusive jurisdiction over all licensees with respect to all subjects covered by the act, including control over rates and charges, prohibition of discrimination among depositors in warehouses with respect to both rates and services, and operations of warehousemen generally.

PMA also inspected storage facilities which the Commodity Credit Corporation was using or proposed to use for the storage of certain products owned by it. Whenever possible, these facilities were inspected before the property was placed in the warehouse. In addition to inspecting and approving or disapproving the facility prior to storage, this service included inspections about every 60 days of the commodities stored, to check on condition and to account for the quantity stored.

TRANSPORTATION FACILITIES

The number of freight cars in use is now at a new low since the war, following $2\frac{1}{2}$ years during which replacements have lagged behind requirements. Serviceable freight cars of all types have dwindled from a total of 1,695,545 on May 1, 1943, to 1,663,712 as of May 1, 1947. Although some coastwise and intercoastal steamship lines are now back in operation, services have not been restored to prewar standards. Expansion of the trucking industry, however, has helped somewhat to ease the transport of farm products.

Throughout the past year, PMA made regular monthly forecasts of the quantity of perishable products that would have to be moved in refrigerator cars. These forecasts have been used by many groups to make more effective use of existing equipment.

PMA, as in previous years, cooperated with other Department agencies to obtain information on grain-storage capacity, the amount of grain-storage space unoccupied, and the expected production of grain in each crop-reporting district. This information was furnished to the railroads well in advance of the harvest season and was used as a basis for determining from what areas it was most necessary to move grain to avert losses through lack of storage space.

A special study of ice requirements was made so that the ice industry, railroad officials, and others would have accurate information as to ice requirements in problem areas. It was necessary during the year to move large quantities of ice from one area to another.

Special analyses of transportation prospects for the coming year were made for use in determining the production goals. Analyses also were made from time to time of proposed transportation legislation, in order to determine the effect of such proposals on the cost of transporting farm products.

PMA cooperated with industry during the year in the testing of a refrigerator car equipped with special refrigerating machinery. The car, designed for the transport of frozen foods without the use of ice and without moving parts, provided zero temperatures over a 10-day period, during which the outside temperature was maintained at 90° F.

At the request of the War Department, a test was conducted to measure the efficiency of a refrigerator car constructed for use under varying climatic conditions. Nine different tests were made in a car-testing laboratory, and a detailed report was prepared for the War Department.

In response to a request from the Interstate Commerce Commission, detailed suggestions were submitted for the revision of the classification provided for agricultural commodities in the freight commodity classification used by the Interstate Commerce Commission for statistical purposes.

TRANSPORTATION RATE ADJUSTMENTS

PMA representatives participated in 138 formal proceedings before transportation regulatory agencies, besides taking part in many informal actions before the carriers, groups of carriers, and regulatory bodies. The estimated savings in transportation charges during the past year resulting from actions participated in by PMA are estimated to be about \$189,000,000, which brings the total measurable savings from this type of work during the last 8 years to about \$950,000,000.

The most important single case, the general rate increase of 25 percent sought by the carriers in Ex Parte 162, was touched upon in the PMA annual report for 1946. The case was settled during the 1947 fiscal year, when the Interstate Commerce Commission awarded the carriers an increase estimated to be about 17.6 percent on farm products, whereas other types of tonnage were assessed increases ranging from 20 to 25 percent.

Work was continued on the investigation of rates as they apply to wool and mohair. A brief was filed with the Interstate Commerce Commission that proposed, among other things, a substantial reduction in rates. It is hoped that a final decision and order will be re-

ceived in this case before the 1948 wool clip begins to move to market.

A number of specific rate actions were taken with regard to fruits and vegetables, fertilizers, cotton, livestock, grain, dairy products, and poultry products.

PMA opposed general rate increases for motortruck lines as well as increases in central territory, Middle Atlantic territory, southern territory, New England territory, and Middle West territory. In the majority of these cases, PMA took the position that there should be no increases without complete justification therefor, and proceeded to show from the operating statements of the carriers involved that their earnings are already satisfactory in that they constitute at least a fair rate of return on their invested capital.

In the water-transportation field, evidence was presented before the Interstate Commerce Commission and the Maritime Commission in 16 separate formal proceedings, and 7 other actions were handled informally with carriers or groups of carriers. This work had as its aim the securing of more equitable rates on agricultural products shipped by water.

SHIPPING AND STORAGE

Billions of pounds of agricultural commodities were purchased during the fiscal year by the Production and Marketing Administration. Claimants for these products included foreign cash-paying governments; countries receiving assistance through UNRRA; the occupied zones in Germany; authorized domestic outlets, such as the school-lunch program; governmental agencies, such as the Veterans Administration; and special programs in the American Territories.

PMA is responsible for the administration of shipment, storage, and delivery of all commodities procured for use under these domestic and export programs. The volume of work required to handle these many commodities varies with and is governed by the program objectives; the nature, location, and supply of the farm produce; the availability of transportation and warehouse facilities; and other related factors.

In carrying on these activities, PMA accepts goods from vendors on dates prescribed in purchase contracts and arranges for transportation to inland points or to ports. Cars moving to point of disposition are routed so that storage in transit, favorable to the outbound movement, may be obtained. Shipping permits must be secured when shipping embargoes are in effect. Negotiations with carriers, the Interstate Commerce Commission, and port authorities are conducted regularly to effect favorable rates, routings, and other transport conditions. Diversion and reconsignments of commodities from one consignee to another or from an embargoed port to a fluid port are effected as required and cars en route are checked to assure prompt and timely arrival. Wharfage and pier storage are arranged when required by prevailing conditions, and ocean shipping space is booked for cargoes consigned to certain export programs.

Moreover, PMA on many of its commodities contracts for warehouses in which to store agricultural commodities for which immediate outlets are not available, or for commodities which are delayed in reaching destination. Warehouse inventories are maintained to preclude losses through deterioration, age, or improper practices; and

current records and receipts of commodities acquired, moved, sold, and donated are kept for management, control, and billing purposes. PMA also determines responsibility in connection with claims arising from contracts it has negotiated, as well as claims resulting from carrier or storage losses.

Two projects of special interest were handled during the year.

The UNRRA live-animal program, transferred to PMA in the preceding fiscal year and concluded in March 1947, is believed to be one of the largest single export movements of livestock in history. Between July 1, 1946, and the conclusion of the program nearly 108,000 horses, mules, and cattle were exported to Europe. Newport News and Savannah were the primary ports used for this program, although Baltimore, New Orleans, Portland, Maine, and Houston were also used. Shipments to ports were made from a majority of the States east of the Rocky Mountains.

PMA cooperated with the Bureau of Animal Industry in moving supplies and heavy mobile equipment needed by the Mexican-American Commission for the eradication of the foot and mouth disease in Mexico. In order to obtain permits for shipments PMA made necessary arrangements with the Interstate Commerce Commission, the Association of American Railroads, and the National Railways of Mexico. Personnel were detailed to assist with shipping operations and movements were made as scheduled.

Smooth and orderly functioning of PMA's export program was interrupted at times by strikes and embargoes. The Nation-wide maritime strike in September and October of 1946 and the more recent one in June 1947 practically halted all export operations. They delayed or otherwise affected shipments of several hundred million pounds of foodstuff. Many shipments originally consigned to port areas had to be diverted to inland storage. In some cases, it even became necessary to reconsign to other outlets those commodities originally scheduled for export programs.

The catastrophe at Texas City in April damaged or destroyed about 30.4 million pounds of flour and 11.4 million pounds of rice which were at that port awaiting lifting. Very little remained that was suitable for use.

Table 3 shows, by commodities, the quantity of food and nonfood products delivered under export and domestic programs during the periods from July 1, 1945, to June 30, 1946, and from July 1, 1946, to June 30, 1947, by the Production and Marketing Administration.

In effecting deliveries to programs PMA endeavored to continue, insofar as possible, its policy of shipping direct from vendors to consignees. It is estimated that this procedure saved at least \$4,000,000 in operating costs and loss through spoilage and deterioration of processed commodities. It likewise enabled PMA to operate with smaller inventories without curtailing delivery schedules or otherwise affecting commitments.

Inventories of nonbasic or processed products owned by the Commodity Credit Corporation declined from 567,500 long tons on July 1, 1946, to 376,375 long tons on June 30, 1947. Disposal of older stocks and more expeditious movements to destination were primary contributing factors. Only 19 percent of the stocks on hand at the end of June had not been ordered to program, and only 101 long tons, or

TABLE 3.—*Deliveries of foods and agricultural products, PMA, fiscal years 1945-46 and 1946-47*¹

| Commodity | 1945-46 | 1946-47 |
|--|-----------------------|-----------------------|
| | <i>Long tons</i> | <i>Long tons</i> |
| Cotton and hemp..... | 539, 224 | 251, 875 |
| Dairy products..... | 626, 567 | 298, 182 |
| Fats and oils..... | 1, 121, 320 | 108, 751 |
| Fruits and vegetables..... | 418, 623 | 880, 583 |
| Grain and grain products..... | 6, 996, 672 | 9, 183, 252 |
| Meat and meat products..... | 350, 233 | 116, 582 |
| Wool..... | 71, 675 | 145, 871 |
| Poultry and poultry products..... | 33, 032 | 41, 225 |
| Sugar..... | 135, 121 | 33, 047 |
| Tobacco..... | 144, 568 | 5, 998 |
| Special commodities..... | 134, 759 | 45, 466 |
| Total..... | 10, 571, 794 | 11, 110, 832 |
| | <i>Number of head</i> | <i>Number of head</i> |
| Live animals—includes horses, mules, cattle..... | 66, 940 | 107, 942 |

¹ Includes agricultural commodities delivered by PMA at shipside for export, turned over to other Government agencies, used for school-lunch programs, or otherwise disposed of. Foreign purchases by the Commodity Credit Corporation are not included.

0.027 percent of the aggregate, represented stocks in storage for more than 6 months. A year earlier both percentages were considerably higher. On the basis of stocks at the end of June, processed commodity inventory turned over an average of 8.8 times during the year. This is somewhat greater than the rates reported for several prominent commercial companies handling similar commodities.

The increased usage of pier facilities and warehouses in port areas has tended to consolidate cargoes and insure adequate commodity availability at all times.

COMPLIANCE AND INVESTIGATION

During the year a total of 2,396 investigations and audits were made in connection with PMA programs. The evidence obtained in 154 cases was presented in Federal and State courts throughout the country and resulted in the imposition of fines totaling \$258,389.65, jail sentences aggregating 9 years, 9 months, and 1 day; suspended sentences of 25 years, 1 month, and 2 days; and probation totaling 53 years and 1 month. In addition, 19 injunctions and 1 temporary restraining order were obtained through the work of PMA investigators and accountants.

In 502 cases recoveries of Federal funds were effected totaling \$456,096.03, and savings totaling \$190,339 resulting from claims filed against the Government being denied, based on investigations conducted by PMA. In 264 cases, \$184,118.82 were collected in the form of penalties, principal, and interest owing the Government under certain programs.

(For the first 7 months of 1947 fiscal year the responsibility for the administration of the Commodity Exchange Act was vested in PMA. On February 1, 1947, responsibility for this work was transferred to the Commodity Exchange Authority. This report does not include activities in connection with the administration of the Commodity Exchange Act during the period the act was administered in PMA.)

SECTION 32 ACTIVITIES

Section 32 of the Agricultural Adjustment Act of 1938, as amended, (Public Law No. 320, 74th Cong.) provides that an amount equal to 30 percent of the gross receipts from duties collected under the customs laws during the period January 1 to December 31, inclusive, preceding the beginning of each fiscal year, shall be appropriated for expenditure by the Secretary of Agriculture.

Section 32 funds during the fiscal year 1946-47 were used for three principal purposes: (1) To encourage the export of agricultural commodities through the payment of export differentials; (2) to encourage the domestic consumption of agricultural commodities and products by increasing their utilization among persons in low-income groups; and (3) to encourage the domestic consumption of agricultural commodities and products by diverting them to new uses.

A total of \$34,325,059 was spent during 1946-47 to encourage the exportation of agricultural commodities, as compared with \$20,490,022 the previous year. Purchases for direct distribution to school-lunch programs, to institutions, and to persons certified by welfare agencies as eligible for relief totaled \$31,342,230 in 1946-47, as compared with \$7,586,378 in 1945-46. Payments of \$6,402,876 were made during 1946-47 under the program to divert cotton and potatoes to new uses, as compared with payments of \$4,122,432 in 1945-46 for diversion of the same commodities.

In addition to these expenditures, \$75,000,000 was transferred by Congress from section 32 funds to be used, under authority of the National School Lunch Act, for administration of the national school-lunch program.

Administrative expenses incurred by the Production and Marketing Administration under section 32 activities totaled \$3,468,812 during the year.

COTTON

The 1946 cotton crop totaled 8,640,000—equivalent 500-pound bales—as compared with 9,016,000 bales in 1945 and the 1935-44 average of 12,553,000 bales. The 1946 crop was only 686,000 bales larger than the 1921 crop, which was the smallest since 1895. Unfavorable weather, both at planting time and during the growing season, was responsible for a relatively small acreage and low yields.

The average price of Middling $1\frac{5}{16}$ -inch cotton in the 10 spot markets increased from 35.49 cents per pound in August 1946 to 38.67 cents during the first half of October. The price dropped from 38.93 cents on October 2 to 27.95 cents on November 7. From that point the price increased rather steadily to an average of 37.18 cents for the month of June 1947.

LOAN, PURCHASE, AND EXPORT PROGRAMS

Loans at an average rate of 22.83 cents per pound for Middling $\frac{7}{8}$ -inch cotton, gross weight, were made on about 142,000 bales, or less than 2 percent of the 1946 crop of Upland cotton. This compares with loans on about 215,000 bales, or $2\frac{1}{2}$ percent, of the 1945 crop, and on 2,100,000 bales, or almost 18 percent, of the 1944 crop.

Producers redeemed about 127,000 bales of 1946-crop Upland cotton, 63,000 bales of 1945-crop cotton, and 175,000 bales of 1944-crop cotton. Loan stocks on June 30, 1947, totaled less than 15,000 bales. About 2,000 bales of 1945-crop cotton and 128,000 bales of 1944-crop cotton were pooled by the Commodity Credit Corporation for producers' accounts, the distribution of net proceeds to be made during the summer months of 1947.

Loans were made on 940 bales of 1946-crop S×P cotton at an average rate of 49.55 cents per pounds, net weight, for grade No. 2, $1\frac{1}{2}$ inches. On June 30, 1947, practically all loans were outstanding on this cotton.

Exports of cotton furnished by PMA during the year are as follows: Japan, 511,373 bales; Germany, 216,892 bales; UNRRA, 341,316 bales; France 19,637 bales; and United Kingdom, 4,131 bales—a total of 1,093,349 bales.

Stocks of owned and pooled Upland cotton on June 30, 1946, plus cotton pooled for producers' accounts totaled about 1,470,000 bales. All of these stocks were sold during the year—mainly in export channels. About 1,400 bales of S×P cotton—100 bales from stocks, plus about 1,300 bales of pooled cotton from the 1943 and 1944 crops—also were sold for export.

Under the cotton-sales-for-export program, a subsidy operation, about 1,850,000 bales of cotton were registered for export by commercial firms, and 100,000 bales were canceled. About 1,000 bales were sold from the Commodity Credit Corporation's stocks to cover such registrations, and an export subsidy was paid on the balance.

HEMP

The processing of hemp straw was completed at the one mill remaining in operation. The lease was terminated and the plant turned back to the Reconstruction Finance Corporation. The entire stock of hemp fiber in storage at the beginning of the fiscal year—21,344,000 pounds—was sold.

FIBER FLAX

A loan and purchase program was made available to cooperatives and other processors for flax grown in 1946 and earlier years. Near the end of the fiscal year, loans of over \$521,000 had been made on 1,040,000 pounds of flax fiber.

STANDARDIZATION AND CLASSIFICATION

Demands for copies of the standards were unusually heavy during the year. A total of 5,138 boxes representing the grade standards for cotton, the preparation standards, and those for linters were distributed, as compared with 3,714 in 1946. Staple types distributed totaled 9,488, as compared with 9,043. An increasing number of orders for standards from other countries has been noted since the war.

The number of staple types returned by the trade each year, as being questionable or against which complaint has been made, indicates the degree of accuracy which the types possess. During the past year, only three types were returned for checking—an all-time record-low return. Of these three types, one was found to be accurate, while the other two were replaced.

No changes were necessary in grade standards for factors other than color. In the case of color, measurement and analysis of the grade standards that will become effective August 1, 1947, have been carried forward. These standards, adopted in 1946, although they differ in color from 1939 copies of the original standards of 1935, are close to the color level of the 1935 originals as they were when established.

As table 4 shows, the volume of cotton classed by PMA classers declined sharply from the previous year.

TABLE 4.—*Volume of cotton classed (not including samples classed for supervision purposes), fiscal years 1944-47*

| Item | Fiscal year | | | |
|---|----------------|----------------|----------------|--------------------------|
| | 1944 | 1945 | 1946 | 1947 |
| Cotton Futures Act: | <i>Samples</i> | <i>Samples</i> | <i>Samples</i> | <i>Samples</i> |
| Original certifications----- | 17, 041 | 61, 318 | 62, 094 | 140, 623 |
| Reviews----- | 9, 012 | 27, 699 | 49, 045 | 85, 302 |
| Cotton Standards Act: | | | | |
| Public classing service and miscellaneous----- | 337, 151 | 528, 624 | 409, 904 | 209, 807 |
| Commodity Credit Corporation: | | | | |
| Loan cotton----- | 1, 632, 910 | 2, 475, 283 | 657, 632 | 132, 251 |
| Sales program, UNRRA, FCIC, etc----- | 87, 088 | 303, 659 | 1, 188, 203 | 679, 188 |
| Lend-lease (formerly referred to as FSCC classing)----- | 321, 041 | 193, 220 | ----- | ----- |
| Federal Penitentiary: Atlanta, Ga----- | 13, 105 | 14, 957 | 15, 932 | 16, 691 |
| Act of Apr. 13, 1937 (Smith-Doxey)----- | 3, 350, 622 | 4, 069, 117 | 2, 905, 437 | ¹ 2, 580, 273 |
| Grade and Staple Statistics Act----- | 516, 264 | 430, 301 | 306, 458 | 382, 570 |
| Total classed by Cotton Branch----- | 6, 284, 264 | 8, 104, 178 | 5, 594, 708 | 4, 226, 705 |
| Reported classed by licensed classers under Cotton Standards Act----- | 8, 863, 216 | 11,085,619 | 5, 720, 810 | ² 6, 474, 555 |

¹ Classifications under the Smith-Doxey Act are acceptable as a basis for Commodity Credit Corporation loans.

² These figures include ordinary bale-by-bale classifications, samples classed in assembling cotton into even-running lots, and classifications of cotton previously assembled into even-running lots.

Cooperation with customs officials continued, for the purpose of determining whether imported cotton was $1\frac{1}{8}$ inches or more in staple length and hence subject to duty. Supervision of spot cotton quotations was carried on in the 10 designated markets to maintain the accuracy of such quotations. The Board of Supervising Cotton Ex-

aminers, responsible for checking the accuracy and uniformity of work done by Government classers and by licensed classers in private employ, coordinated all classing throughout the South as usual.

Boards of Licensed Cotton Linters Classifiers were established early in 1946 at Los Angeles, Dallas, Memphis, and Atlanta. It is estimated that classifications by these boards, represented a total of about 50,000 bales.

Cottonseed grading work made satisfactory progress during the past season despite the fact that grading reverted to a voluntary basis with the discontinuance of Government cottonseed programs. Licensed chemists issued over 111,000 official certificates, evidencing the grade of about 2,784,000 tons of seed—only slightly less than the 2,800,000 tons marketed on the basis of the standard grades in 1945-46.

Hemp standards, first established in 1942 and revised in 1945, were useful to the Commodity Credit Corporation in the administration of the hemp programs, and members of the hemp industry have indicated a continuing need for the standards. Now, with the liquidation of the CCC hemp program, however, there is some question as to whether the industry will use the standards to an extent that will justify continued hemp-standardization work.

PRICES AND QUALITY

A variety of reports were prepared, analyzed, and made available to cotton farmers and to the cotton trade during the year. These included (1) cotton, cottonseed, and cotton linters weekly reviews; (2) cotton and cottonseed market news reports; (3) monthly compilations of cotton price statistics containing analyses and discussions of facts affecting cotton price, with annual summary; and (4) quality reports on cottonseed and cotton linters and on cotton in the August 1 carry-over and in the crop, progressively by months and for the entire crop.

Cotton classification and market news services were furnished to 344,000 members of 2,515 organized cotton-improvement groups during the year. The classification service provides members of the improvement groups with unbiased information as to the quality of their cotton, while the market news service translates the qualities into terms of current market prices.

MARKETING RESEARCH

Research carried on during the year included studies of (1) marketing practices and costs; (2) cotton market outlets; (3) cottonseed marketing; (4) fiber properties—spinning performance; (5) ginning technology; (6) ginning economics; (7) fiber and spinning testing; and (8) testing equipment and techniques.

It was found that the average cost of ginning and packaging Upland cotton was \$8.09 per 500-pound bale during 1946-47, as compared with \$6.40 in 1945-46. Costs to growers for ginning and packaging American Egyptian cotton averaged \$14.48 per bale, as compared with \$14.87 per bale in 1945-46.

Charges made by public cotton warehouses for receiving, weighing, sampling, tagging, and issuing of warehouse receipts averaged 53 cents per bale; compression charges, 97 cents for standard density and \$1.06 for high density; and storage costs, 31 cents.

Efforts were made to improve the automatic sampler so as to reduce probable manufacturing costs and to make it more adaptable to commercial installation.

Cotton mills were given in one study to evaluate the relative importance of factors given primary emphasis in selecting raw cotton for specified products. Primary emphasis was placed on maintenance of standard quality in the finished product, with an evaluation of 55 percent; economy of processing, 25 percent; economy of raw cotton, 16 percent; and not reporting, 4 percent. The study also showed that about a third of the mills reporting had a preference for specific growths of raw cotton either by areas or States. In many cases this is the equivalent of buying by variety.

A detailed study was inaugurated to determine the quality characteristics of cotton currently being used in the manufacture of different categories of cotton fabric produced in this country. New England and southeastern mills—making lawns, sheeting, broadcloth, and print cloth—cooperated in the project. Relationships of raw cotton qualities and the quality of the end products for which each is suitable will be more definitely established as a result of this study.

A cottonseed research project gave special attention to the following points: (1) Methods of weighing cottonseed in relation to gain or loss between gin and mill weights and to the spread between gin and mill prices; (2) actual costs of handling cottonseed in marketing channels; (3) factors which determine purchase prices at gins; (4) the extent to which special purchase allowances are made to certain growers by ginners; (5) the extent to which special allowances are made by mills to ginners (for loading, hauling, and unloading); (6) extent of efforts made by ginners to reflect grade value of seed in prices paid farmers; (7) disposition of foreign matter taken from cottonseed; (8) lag between changes in mill prices for seed and changes in gin prices for seed; and (9) the extent to which cross hauling of seed to oil mills is practiced. Data obtained in this study are being tabulated.

Emphasis the past year was placed on devising and testing cleaning and conditioning machinery for seed cotton, lint, and cottonseed, together with field testing of new devices. Current packaging problems were also given consideration. Some work was continued on cooperative mechanization studies to provide basic information on ginning requirements and market outlets for mechanically produced cotton.

A limited amount of testing was made in connection with bale-packaging problems, such as gin compression, uniform packaging of low-density bales, and fire prevention in cotton. Available information was assembled for use in educational programs.

A total of 55,674 fiber and spinning tests was made during the year in comparison with a total of 30,533 tests made in 1945-46. Tests made the past year included 26,385 performed on a fee basis; 1,118 made for cooperating research agencies; and 28,171 in connection with PMA research.

NEW-USE PROGRAMS

As was the case the previous year, three cotton diversion programs were in effect during 1946-47—cotton for insulation, cotton for paper, and cotton for batts for automobile upholstery. The purpose

of these programs is to develop outlets for low qualities of cotton.

Under the cotton-for-insulation program, payments were made at the rate of 7½ cents per pound of manufactured insulation that met specifications prescribed by the United States Department of Agriculture. The rate of payment for the fiscal year beginning July 1, 1947, is 5¾ cents per pound of cotton used, which is equivalent to approximately 6 cents per pound of insulation.

Payments under the cotton-for-paper program are made to manufacturers holding approved applications in the amount by which delivered costs of cotton exceed 8½ cents per pound gross weight, with a limited maximum payment of 4 cents per pound. If a program for the fiscal year 1948 is made effective, it is expected that payment per pound will be substantially reduced.

Payments are made at the rate of 4 cents per pound of cotton, gross weight, to concerns holding approved applications under the program for the use of cotton batts for automobile upholstery.

DAIRY PRODUCTS

PRODUCTION, ALLOCATION, PRICE-SUPPORT PROGRAMS, AND PURCHASES

Total milk production during the fiscal year was slightly over 121,000,000,000 pounds. It is estimated that about 3 percent, in terms of milk equivalent, was exported.

During the first half of the fiscal year, supplies of all major dairy products produced in the United States were allocated for distribution to the various military agencies, for Government and private exports, and for domestic consumption. Government procurement programs were developed on the basis of the approved allocations.

Allocations of dairy products, other than butter and sweetened condensed milk, were terminated on January 1, 1947. Controls over imports and exports of dairy products, except butter and sweetened condensed milk, also were removed.

Market prices of nonfat dry milk were supported from February 24 through June 30, 1947, at 10 cents per pound for spray and 9 cents for roller, U. S. extra grades, to prevent a further decline in price of this product and in returns to producers for milk. Prices of other dairy products remained at such levels that no other price-support action was necessary.

Quantities purchased for price-support and other purposes are shown in table 5.

SUBSIDIES

With the expiration of price-control activities on June 30, 1946, the dairy production payment program—a subsidy operation—was terminated.

WAR FOOD ORDERS

WFO 149, which prohibited the sale of heavy cream and certain heavy-cream products for consumer use, was made effective on July 1, 1946. It was continued without amendment until terminated on November 20, 1946.

Liquidation of WFO 79, which provided during the war for certain regulations on the conservation and disposition of fluid milk and fluid cream, was completed.

TABLE 5.—*Dairy products purchased by Commodity Credit Corporation under price-support, school-lunch (sec. 32) and general-supply programs*¹

| Commodity | Price-support program | School-lunch program | General-supply program | Total |
|---------------------------------|-----------------------|----------------------|------------------------|---------------|
| | <i>Pounds</i> | <i>Pounds</i> | <i>Pounds</i> | <i>Pounds</i> |
| Cheddar cheese (natural)----- | | | 11, 584, 360 | 11, 584, 360 |
| Cheddar cheese (processed)----- | | 2, 500, 000 | 43, 799, 274 | 46, 299, 274 |
| Dried whole milk----- | | | 11, 764, 816 | 11, 764, 816 |
| Evaporated milk----- | | | 149, 776, 346 | 149, 776, 346 |
| Nonfat dry milk (roller)----- | 68, 509, 928 | | 46, 554, 244 | 115, 064, 172 |
| Nonfat dry milk (spray)----- | 104, 592, 705 | 896, 442 | 53, 424, 142 | 158, 913, 289 |
| Sweetened condensed milk----- | | | 2, 639, 970 | 2, 639, 970 |

¹ Includes Dairy Products Marketing Association purchases, except for 3,343,690 pounds of spray nonfat dry milk purchased by DPMA, but not turned over to CCC, during the fiscal year.

WFO 2, which required manufacturers to set aside 20 percent of their production of butter in May and June 1946, remained in effect. More than 90 percent of 1946 set-aside butter was delivered by mid-October 1946, and substantially all of the remainder by the end of December. WFO 2 was terminated May 16, 1947.

Under WFO 15, set-aside requirements of 40 percent of Cheddar cheese production were announced for July and August 1946. Because of reduced Government requirements of cheese for military and export uses, the August set-aside was canceled. Substantially all the cheese required to be set aside before the termination of price ceilings on June 30, 1946, was delivered to Government agencies. Of the 26 million pounds of July 1946 set-aside cheese, 15 million pounds were delivered to Government agencies, and the remaining 11 million pounds were released. WFO 15 was terminated March 24, 1947.

Set-aside requirements of 50 and 40 percent, respectively, of nonfat dry-milk production during July and August 1946, were announced under WFO 54. As a result of decreased requirements, the July set-aside subsequently was reduced to 30 percent, and the August set-aside was canceled. Deliveries of set-aside nonfat dry milk were completed during 1946, and WFO 54 was terminated effective October 25, 1946.

A set-aside requirement of 50 percent of evaporated milk production during July 1946 was announced under WFO 148 and subsequently canceled because of reduced Government requirements and the ability of Government agencies to buy adequate supplies. As deliveries of evaporated milk that had been required to be set aside from June 1946 production were completed, WFO 148 was terminated effective October 25, 1946.

MARKETING AGREEMENTS AND ORDERS

During the year 31 marketing agreement and order programs for fluid milk were in effect. This number includes the Cleveland, Ohio, market, where an order became effective on August 1, 1946, and the Washington D. C., market where the program was terminated on April 1, 1947.

Thirty-three public hearings were conducted during the year on proposals to revise existing orders or to institute Federal market regulations. As a result of these and earlier hearings, 30 actions amending various order provisions were effected.

Fourteen requests for new programs were received. Hearings were held in the Paducah, Ky., St. Joseph, Mo., and Nashville, Tenn., marketing areas, not previously under Federal regulation. Analyses of the records of these hearings and other actions incidental to the issuance of new orders will proceed in 1947-48.

Twenty-eight suspension orders were issued which changed existing orders. The terms of the Administrative Procedure Act required eight hearings to be held on rules under the terms of particular orders.

The agreement and license for evaporated milk which continued in effect during the year were terminated June 30, 1947.

Nineteen determinations pertaining to the qualification of cooperative associations for participation in program activities set up under the Agricultural Marketing Agreement Act and in certain orders were prepared by PMA and signed by the Secretary.

Fifty-two petitions for hearings for the review of various order provisions under authority contained in section 8c (15) (A) of the Agricultural Marketing Agreement Act, as amended, were received; 35 petitions received this year or pending from former years were disposed of; and on June 30, 1947, action was pending on 57 petitions.

Thirteen new court cases were started during the year; 18 cases, including one before the Supreme Court (*United States vs. Ruzicka*), started or pending during the year, were decided. On June 30, 1947, cases pending totaled 31.

INVENTORY DISPOSALS

FOREIGN GOVERNMENTS AND UNRRA

About 300,000 tons of dairy products were purchased by PMA for export, 46 percent going to the United Kingdom, 22 percent to UNRRA, 14 percent to occupied areas, 12 percent to France, and the balance of 6 percent to other foreign governments on a cash basis.

During the last half of the year PMA worked on the problem of finding and developing export outlets for nonfat solids, particularly for supplies procured under price-support operations. Nearly 122 million pounds of price-support powder were sold to the Army and UNRRA during the year, of which about 60 million pounds were estimated to have been shipped by June 30, 1947.

OTHER DISPOSALS

In addition to selling dairy products declared surplus by other Government agencies under the Surplus Properties Act, PMA sold dairy products held in the Commodity Credit Corporation stocks to domestic purchasers in order to reduce CCC inventories or to dispose of stocks that were out of condition. Such disposals included: Cheese, 87,013 pounds; dried whole milk, 45,000; milk powder sweepings, 1,000; and nonfat dry milk, 78,630 pounds.

MARKET NEWS FOR DAIRY AND POULTRY PRODUCTS

The market news service on dairy and poultry products was continued along the same general lines followed in previous years.

Twenty-four field offices were in operation (9 established during the fiscal year); 11 were conducted on a Federal-State cooperative basis. New cooperative agreements became effective with Arkansas, Delaware, Maryland, Michigan, North Carolina, Ohio, and Virginia. A new cooperative agreement, which includes products other than dairy and poultry products, was signed with Louisiana.

New field offices were established at Cincinnati, Detroit, and Atlanta. A new type of market news service, reporting prices paid f. o. b. farm, was inaugurated in the five major broiler-producing areas.

The New York office made a preliminary study relative to reporting the prices of dressed poultry and the Boston office instituted a daily price report on dressed poultry. Reporting of wholesale butter prices was added at Seattle. The San Francisco office began preparation of a weekly review of the Pacific coast dairy market situation and resumed the issuance of a daily postcard market report which had been discontinued during the war.

Approximately 6,700,000 copies of market reports were issued at all offices during the year. Local newspapers in each market were supplied with local market information. Over 300 radio stations broadcast dairy and poultry market news reports.

INSPECTION AND GRADING FOR DAIRY AND POULTRY PRODUCTS

Rules and regulations governing the sampling, grading, grade-labeling, and supervision of the packaging of butter, cheese, eggs, poultry, and dressed domestic rabbits were revised and published. Following these revisions, instructions of the Administrator were issued, and became effective January 1, 1947, to govern plants that are operated as official plants for the processing and packaging of egg products.

Increased requests were received from the industry for the grading of shell eggs throughout the Midwest, particularly in connection with marketing programs developed by hatcheries. Schools were held in each State to train egg graders. Turkey-grading schools were held in many of the turkey-producing States.

The Chicago laboratory began a system of bacteriological control work on the production of frozen eggs.

At the request of the industry, continuous inspection service was inaugurated in dairy plants. In addition to the grading or inspection of dairy products for delivery on United States Government purchases, large quantities of evaporated, dried, and condensed milk, and cheese were inspected for delivery to foreign buyers.

A pathological laboratory has been set up in Washington to which specimens of diseased poultry carcasses will be sent for examination and diagnosis. Reports will be sent to the inspectors, informing them of the laboratory findings and instructing them as to the disposition to be made of the carcasses.

PLANT FACILITIES

A field survey of Government-owned milk-drying facilities, constructed during the war, was in progress at the end of the fiscal year. Object of the survey was to appraise recent trends in the utilization

of these facilities, as well as changes in quantities of whole milk and butterfat delivered, number of patrons making deliveries, losses of patrons to other processing facilities, and local conditions affecting current utilization.

A detailed study of milk-drying facilities in each dairy plant in the country was completed in order to evaluate the relationship of drying facilities to potential postwar production requirements for non-fat dry milk. The study also compared the capacity of facilities for the manufacture of spray and roller types of dry-milk products, as well as the relative changes that have taken place with respect to each type.

TABLE 6.—*Dairy and poultry products inspected and/or graded¹ during fiscal years 1945, 1946, and 1947*

| Commodity | Fiscal year 1945 | Fiscal year 1946 | Fiscal year 1947 |
|---|---------------------|---------------------|---------------------|
| | <i>1,000 units</i> | <i>1,000 units</i> | <i>1,000 units</i> |
| Butter.....Pounds.. | 218, 141 | 182, 928 | 166, 872 |
| Cheese.....do..... | 188, 252 | 200, 954 | 160, 400 |
| Eggs.....Cases.. | 12, 190 | 10, 938 | 12, 634 |
| Poultry (shipping point and terminal market) Pounds.. | 112, 804 | 178, 554 | 154, 039 |
| Dressed poultry (inspected for condition and wholesomeness).....Pounds.. | 208, 191 | 241, 964 | 228, 408 |
| Live poultry.....do..... | 549 | 166 | 1, 267 |
| Dressed turkeys.....do..... | 46, 635 | 98, 448 | 92, 815 |
| Frozen eggs—graded.....do..... | 7, 610 | 37, 569 | 92, 588 |
| Frozen eggs—inspected.....do..... | 94, 189 | | |
| Dry milk.....do..... | 400, 217 | 250, 201 | 353, 846 |
| Evaporated milk.....Cases.. | 14, 295 | 11, 636 | 8, 165 |
| Dried eggs.....Pounds.. | 172, 831 | 69, 032 | 126, 694 |

¹ Does not include butter oil, butter for butter oil, Carter's spread butter for Carter's spread in 1945, or butter oil in 1946.

FATS AND OILS

PRODUCTION

Domestic production of fats and oils (excluding butter) totaled 7,347,000,000 pounds during the 1946 calendar year. This compares with a production of 7,670,000,000 pounds during the 1945 calendar year. These supplies, both in 1946 and 1945, fell short of meeting all requirements for domestic use and for export.

PRICE SUPPORT

Price-support programs in effect during the fiscal year for peanuts, soybeans, and flaxseed helped to compensate producers for their special efforts to increase production of these crops.

The 1946 crop of peanuts was supported at 90 percent of parity, in line with statutory requirements. The Commodity Credit Corporation, however, purchased only 27,371 tons of farmers' stock peanuts in supporting the price. Inasmuch as most of the peanuts handled

by the Corporation were purchased prior to the removal of ceiling prices and were sold after the termination of such price controls, a net gain of approximately \$514,000 was realized. Approximately \$34,300,000 in loans was made available to peanut processors under lending-agency agreements.

The peanuts purchased by CCC were handled through designated agency contracts with producer cooperative associations. The support prices were: (a) for Virginias, 65-percent sound mature kernels, \$170 per ton; (b) for Runners, 69-percent sound mature kernels, \$157 per ton; (c) for Spanish and Valencias west of the Mississippi River, 70-percent sound kernels, \$172 per ton; and for (d) Spanish and Valencias east of the Mississippi River, 70-percent sound mature kernels, \$174 per ton. Premiums and discounts were applicable for other qualities based on the above prices. The support program provided for loans to producers at the above prices; however, no loans were made under the 1946-crop program.

Prices to producers for the 1946 crop of soybeans were supported at \$2.04 per bushel for U. S. No. 2 yellow and green soybeans containing 14 percent moisture (with premiums and discounts for other grades). Loans were made by CCC to eligible producers. Because of the strong demand for soybeans, only 7,493 bushels were placed under loans by producers. No direct purchases under the support-price program were made by CCC and all loans were repaid. Through lending-agency agreements CCC offered financing for all processors as a means of reducing the necessity of direct purchases of soybeans. This financing was used for 6,413,243 bushels, involving approximately \$13,300,000.

The support price for the 1946 crop of flaxseed was \$3.60 per bushel and the loan rate was \$3 per bushel Minneapolis, Minn., basis for U. S. No. 1 grade. A purchase program was authorized but was not announced because growers' prices ranged from slightly above support levels up to as high as \$8.50 per bushel after price ceilings were discontinued. Only 24,382 bushels were placed under loan and all such loans were repaid.

No support prices were in effect for cottonseed and tung nuts. The market demand was strong and these commodities moved at prices comparable to prices of other oilseeds.

SUBSIDY OPERATIONS

In connection with the peanut price-support program, provisions were made to make payments to processors for crushing U. S. No. 2 shelled peanuts. However, when Maximum Price Regulations were terminated October 17, 1946, the continuation of subsidy was unnecessary because of the advance in price. Total cost of subsidy operations under this program during the 1947 fiscal year amounted to approximately \$965,000, of which \$913,000 was for the 1945 crop and only \$52,000 for the 1946 crop.

Under the flaxseed price-support program, provision was made for the payment to farmers of the difference between the ceiling price and the support price. Such payments were discontinued after June 30, 1946, since Office of Price Administration ceiling prices were increased as of that time. During the 1947 fiscal year payments on this program amounted to approximately \$391,478.

FOREIGN PURCHASE PROGRAM

Under the foreign purchase program approximately \$69,000,000 was used in the purchase of imported fats and oils, which included approximately 160 million pounds of Argentine linseed oil, 18 million pounds of Belgian Congo palm oil, 167 million pounds of Philippine copra, and 0.5 million pounds of babassu oil. Approximately 5,754,500 pounds of fish were purchased by CCC for use of United Nations Relief and Rehabilitation Administration.

SURPLUS FATS AND OILS DISPOSAL

Surplus disposal of oilseeds and fats and oils products, amounting to \$368,000, was mainly from declarations from the War and Navy Departments, the largest items being approximately 400,000 pounds of soap products and 2,800,000 8-ounce tins of salted peanuts.

UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION

The most important fats and oils items procured by UNRRA were approximately 19 million pounds of margarine, 2.4 million pounds of shortening, 41 million pounds of soap, and 2.4 million pounds of fish.

CASH-PAYING GOVERNMENTS

Assistance was given to cash-paying governments to purchase International Emergency Food Council allocations of fats and oils from the United States through direct procurement or contracts with vendors, or through contacting private trade regarding the purchases of allocated fats and oils. Total accumulated deliveries to programs, including cash-paying governments and UNRRA, amounted to approximately 89 million pounds. Under the foreign relief program, including civilian feeding programs in occupied areas in Europe, the domestic procurement of fats and oils for shipment will continue to be an important activity in the over-all program.

NATIONAL SCHOOL LUNCH

A total of 551,000 pounds of shortening, oleomargarine, and edible soybeans was shipped to Puerto Rico for use under the national school-lunch program during the fiscal year 1947.

FOOD-ORDER ADMINISTRATION

During the fiscal year 1947 eight war food orders pertaining to fats and oils and one pertaining to fish were in effect. Eight of these orders were terminated during the year, most of them in October shortly after OPA price ceilings on fats and oils and their products were removed. These orders were designed to control the use of fats and oils in the manufacture of various finished products, such as margarine, shortening, and other edible oils, and soaps, paints, varnishes, linoleum, floor coverings, and coated fabrics, as well as control the use of high lauric acid oils in the manufacture of various products, and to limit inventories of edible tallow and grease and linseed oils. The orders affecting fish were primarily set-aside orders.

The administration of WFO-63 was transferred to the Fats and Oils Branch in March of this year and is the only order that is still

active. The purpose of WFO-63 is to implement the allocations of the IEFEC. This order permits the importation of only those quantities of commodities under control that are allocated to the United States. This order also implements the Cuban Sugar Purchase Agreement by controlling imports and transshipments of sugar and sugar-containing commodities.

In the year ending June 30, 1946, there was a total of 14,575 formal actions under WFO-63, and during the past year the total was 13,884, or a decrease of only 6 percent. The number of amendments and petitions remained about the same. The number of general types of commodities under import control decreased from 176 in July 1945 to 139 in July 1946 and to 50 in July 1947. Several hundred specific types of normal trade commodities, however, remain under control.

FOOD PRODUCTION, PROCESSING, AND MARKETING ASSISTANCE

During the fiscal year the branch executed approved programs relating to production, processing, and marketing quotas. At the present time data are being assembled and other preparations are being made for the peanut marketing quota referendum that is to be held December 9, 1947, for the peanut crops to be produced in 1948, 1949, and 1950.

REQUIREMENTS, ALLOCATIONS, GOALS, AND PRICE-CEILING ACTIVITIES

The Production and Marketing Administration is responsible for initiating allocations of the United States for fats and oils under IEFEC for the foreign food-supply programs. Preparation of allocations, which were determined in collaboration with other interested agencies, requires (1) a quarterly determination of the United States supply position; (2) compilation and review of foreign food requirements; and (3) preparation of allocations for issuance to proper agencies. Additional records are maintained pertaining to revisions, transfers, and interim allocations.

Continued high production of oilseeds and fats and oils resulted in part from cooperation in the formulation of production goals and programs to assist producers in achievement of these goals. Meetings were held with advisory committees on mutual problems. Recommendations were made with respect to Maximum Price Regulations and for commodities to be retained on the short-supply list in accordance with the Emergency Price Control Act of 1942, as amended. Statistical data relating to the use, disappearance, stocks, and prices of fats and oils and oil-bearing material were assembled and analyzed for use in connection with the various fats and oils programs.

OTHER ACTIVITIES

Preliminary work under the Research and Marketing Act of 1946 pertaining to oilseeds and fats and oils was accomplished through cooperation with the soybean-flaxseed, peanut, and cotton commodity committees and through technical committees and other working groups. Project outlines pertaining to the different phases of research and marketing work on oilseeds requiring attention were prepared.

FRUITS AND VEGETABLES

PRODUCTION

Goals were again established as the basis of potato and sweetpotato production in 1947, and production guides were developed for the commercial truck crops.

The 1947 potato goal of 375 million bushels represented a substantial reduction from the record large crop of 476 million bushels in 1946, when supplies exceeded estimated consumption requirements by approximately 100 million bushels and very extensive support operations by the Department were necessary. The national acreage goal was divided into State goals, and these in turn were translated into county goals and individual farm acreage allotments. For the first time, it was announced that grower eligibility for Government price support required for potatoes under the Steagall amendment would be dependent upon compliance with the 1947 farm-acreage goals.

For sweetpotatoes, the 1947 goal called for an increase in both acreage and production. Present indications, however, point to a reduced acreage in 1947 and a crop substantially smaller than the 71 million bushels provided in the goal.

Production guides issued for vegetable crops for fresh market suggested a reduction of 6 percent in the acreage of crops for fresh market as compared with 1946. For truck crops for processing, a reduction of approximately 9 percent from 1946 acreage was suggested.

ALLOCATIONS

No fruits or vegetables were under domestic allocation during the year. International allocations of all dried fruits, except dates, raisins, and dried prunes, were abandoned on August 9, 1946. Allocations of the latter group were abandoned on September 1, 1946.

Cocoa beans, cocoa butter, and chocolate couverture were continued under international allocation throughout the 1947 fiscal year.

PRICE CONTROL AND SUBSIDIES

A large number of fruits and vegetables were still subject to price ceilings when the Emergency Price Control Act expired on June 30, 1946. With the enactment of the Price Control Extension Act of 1946, ceiling prices on most of these products again became effective on July 26, 1946. However, under the provisions of this act, ceiling prices could be maintained on agricultural commodities only if they were certified by the Secretary of Agriculture to be in short supply as of the first day of each month, beginning September 1, 1946. Some actions to decontrol prices of fruits and vegetables took place prior to September 1. On August 19, 1946, for example, ceilings were removed from dried apricots, dried figs, dried peaches, and dried pears. On the same date, ceilings also were removed from raisins and dried prunes, to be retroactive to July 28, 1946, when subsidies on these two commodities were discontinued.

Following announcement of the September 1 short supply list, all fresh vegetables, all fresh fruits except oranges, all frozen fruits and vegetables, all dried fruits, most canned vegetables, hops, and edible tree nuts were free of price control. Honey was decontrolled by specific action on September 27, 1946. Canned deciduous fruits and fruit

juices, as well as canned corn, were decontrolled with announcement of the October 1 short supply list. Remaining items were removed from price control in the general decontrol action of October 24, 1946.

Subsidies on dried prunes and raisins were terminated with respect to sales made by packers on or after July 28, 1946. Subsidies on canned and frozen vegetables processed after June 30, 1946, also were terminated with respect to sales made by processors on or after July 28, 1946, and for those products remaining under price control, ceilings were increased by the amount of the subsidy previously paid.

SUPPORT PROGRAMS

Government price-support operations for the 1946 potato crop, which began on May 3, 1946, continued on an unprecedented scale throughout the course of the fiscal year 1947 as farmers and dealers attempted, with the Government's assistance, to market successfully the crop of 476 million bushels—approximately 100 million bushels in excess of the year's production goal.

Under the 1946 support program approximately 98 million bushels of potatoes were handled at an estimated cost to the Government of nearly \$89,000,000. In addition, approximately 115 million bushels of potatoes, having a loan value of \$63,500,000, were placed under loan.

The basic methods of support were purchases from the early and intermediate crops and loans for the late crop. The loan program gave borrowers the right to deliver potatoes in lieu of cash repayment, and, in order to provide an efficient mechanism for receiving and disposing of such deliveries, the purchase program remained active throughout the late crop-marketing season.

Exports were encouraged through resale at nominal prices of potatoes acquired by the Government in the course of support operations and by benefit payments to exporters who purchased direct from growers and paid support prices. Utilization of potatoes for the manufacture of flour, starch, glucose, and alcohol also was encouraged through resales at nominal prices and by indemnity payments to manufacturers who purchased raw potatoes directly at support prices.

Of the 98 million bushels of potatoes handled under support operations, approximately 3.1 million bushels were distributed to the school-lunch program and to charitable and welfare institutions; 11.4 million bushels (fresh equivalent) were exported; 9.5 million bushels were used in the manufacture of starch, flour, and glucose; 18.4 million bushels were diverted to livestock feed; and 29.2 million bushels were used for distillation into alcohol. All but about 26.5 million bushels of the total, therefore, were disposed of in useful outlets. Of the 26.5 million bushels lost, the bulk was early potatoes harvested under hot weather conditions when storage for any length of time was impossible. Furthermore, most of the losses, both of early and late crop potatoes, consisted of (a) low grades and small sizes which generally were not in demand in commercial markets and (b) deteriorating lots in storage in such poor condition that salvage could not be carried out economically.

As early as July 1946, when the real magnitude of the potato crop became apparent, intensive efforts were made to interest foreign governments, UNRRA, and the Army in the surplus for relief feeding

abroad. On such sales the Government sought to recover only transportation and handling charges plus a token amount for the product itself. Except for small quantities shipped to Belgium, these efforts were unproductive, principally because the cost per calorie of potatoes, even at the nominal price offered, was higher than that for grains. By late February, however, when it became apparent that hoped-for grain exports would not be forthcoming in full, relief-feeding agencies and foreign governments placed orders for very large shipments of potatoes.

The export movement continued until mid-May at as rapid a rate as packing facilities and the supply of refrigerator cars for movement to ports would permit. It resulted in an assisted export of approximately 11.4 million bushels for the season. Among the foreign governments that purchased surplus potatoes from the Department in addition to Belgium were France, Italy, Portugal, Spain, and French Martinique. UNRRA also acquired a quantity of fresh potatoes for relief feeding in Albania, Italy, Yugoslavia, and China. Largest export movement, however, represented sales to the Army for shipment to the occupied areas in Germany, Korea, and Japan.

Purchase programs for the 1946 crop introduced two innovations in price-support procedure. One was the purchase of potatoes in field storage wherein the Department took title to the potatoes and made partial payment in advance of taking delivery. This method was employed only when, to accomplish price support, it was necessary to make purchases beyond the capacity of outlets immediately available to the Government. The other, a strictly emergency measure, involved making advance payments to growers for potatoes prior to harvest. This was undertaken at the beginning of the fiscal year in a restricted area in North Carolina and Virginia, where continuous rains had made eventual harvest impossible after growers had retarded their normal harvest operations at the request of the Department.

Growers and certified dealers wishing price support for 1946 crop potatoes after September 15 were required to obtain loans either directly from the CCC or from private agencies under agreement with the CCC. Loan rates were set at approximately 75 percent of the applicable September support price on potatoes in approved storage. However, at harvest time it was apparent that safe winter storage capacity was inadequate in a number of producing areas, owing to the record large crop. To meet this situation, loans also were provided on potatoes in various kinds of temporary storage, in addition to the "regular" loans on potatoes in permanent storage. Under the "regular" loan program, the borrower assumed all responsibility for both quality and quantity except for certain enumerated hazards and was entitled to full settlement at support price at time of settlement. Under the "special" program, the borrower assumed no responsibility for quality or quantity. The loan rate was approximately 50 percent of the applicable September support price and settlement was made at the full September support price without the benefit of the seasonal price increase after September.

In view of the magnitude of support operations required with respect to the 1946 potato crop, it was decided early that only growers who complied with acreage goals would be eligible for price support on the 1947 crop. Accordingly, the 1947 national acreage goal was divided into State goals and these, in turn, into county and individual

farm-acreage allotments. The program for the 1947 crop, as announced, differed in two important respects from that of earlier years. First, while a loan program was to be available, it would not be the principal mechanism of price support for the late crop. Second, the program was designed to minimize direct purchase and disposition activity on the part of the Government by maximum utilization of the facilities of established potato dealers.

Actual price-support activity on the 1947 crop prior to June 30, 1947, was limited in comparison with other recent years. Early commercial production was estimated as of July 1 at 60 million bushels, about 6 million bushels above the production goal. As a result, supplies were not particularly heavy at any time, although some surplus situations did develop, principally in Florida, Alabama, North Carolina, South Carolina, and California, and to a much smaller degree in Mississippi, Louisiana, Texas, Arkansas, and Oklahoma. For the most part, these surpluses were of the poorer grades and sizes and tended to be of short duration.

The support program on sweetpotatoes of the 1946 crop provided for purchases from September 1 through November 15, 1946, and for loans from November 15, 1946, through January 15, 1947. In view of the relatively strong demand for sweetpotatoes, only one purchase for price support was necessary and loan activities were negligible.

A purchase program also was in effect to relieve temporary seasonal surpluses of a number of vegetables for fresh market. This represented a continuation of the policy followed in previous years of extending market assistance to growers to the extent that the Department has outlets for the surpluses that are bought. Vegetables purchased during the year were distributed for use in school lunches and by eligible institutions.

PREVENTING FOOD WASTE

Industry, in cooperation with the Government, carried on a number of effective programs during the year to assist growers by featuring information on seasonally plentiful supplies of fruits and vegetables and promoting their fullest utilization. Among the commodities, consumption of which was promoted in this way, were potatoes, citrus fruit (both fresh and canned), apples, peaches, fall and winter pears, cranberries, watermelons, cantaloups, and honeydew melons during the 1946 season, dried peaches and dried prunes, walnuts, almonds, and filberts, and such vegetables as onions, celery, lettuce, cauliflower, and spinach. In addition, toward the close of the fiscal year, certain of the canned and frozen vegetables were featured.

A related activity was the successful effort made in July 1946, in response to a request from tomato growers in Tennessee, Kentucky, and Alabama, to find cannery outlets for surplus tomatoes grown for the fresh market but not marketable because of the presence of blight in the area.

SURPLUS DISPOSAL AND SALES

Sales of fruit and vegetable products from excess inventories of CCC and surplus declarations of war agencies were practically completed during the year. At the close of the year all fruit and vegetable products authorized for sale from CCC inventory had been sold,

and only small quantities of canned and dehydrated vegetables, spices, and condiments remained unsold of the products declared surplus by war agencies.

As part of the wartime program to increase United States production of raisins, funds were made available by the Department in 1943 to supply raisin grape growers with additional picking boxes and drying trays. All the boxes and all except a very small number of the trays were sold during the year. Those remaining were then declared surplus and released to the War Assets Administration.

REGULATION

WAR FOOD ORDERS

Only four War Food orders regulating fruits and vegetables or with provisions applicable to fruits and vegetables remained in effect at the beginning of the fiscal year, and these were terminated during the year. WFO 16, setting aside a specified percentage of each packer's dried-fruit production for the Government and restricting the diversion of raisins into distillation, was terminated, effective January 18, 1947. The set-aside provision of the order had not been applicable throughout the 1946 marketing season. WFO 47 and 47.1, which prevented disruption of long-time honey outlets as a result of the wartime sugar shortage, were terminated October 25, 1946. WFO 82, originally issued to insure orderly marketing of the domestic walnut crop, was terminated March 31, 1947, following virtual completion of the marketing of the 1946 walnut crop.

Import controls on dates and dried figs under WFO 63 (governing importation of all foodstuffs) were removed on August 14, 1946, owing to a substantial balance between international supplies and requirements for these fruits, which made further import control unnecessary.

MARKETING AGREEMENT PROGRAMS

Under the Agricultural Marketing Agreement Act of 1937, as amended, the Secretary of Agriculture is authorized to enter into agreements with processors, producers, associations of producers, and others regulating the handling of agricultural commodities in interstate or foreign commerce and to issue regulatory orders in the case of specified commodities or products, including most fruits and vegetables for fresh market and tree nuts. The purpose of these programs is to raise producers' returns toward parity levels through regulating the marketing of available supplies.

During the fiscal year, 18 marketing-agreement programs were in effect, covering 15 different fruits, vegetables, and tree nuts marketed from 14 different States. Eight of the programs were in active operation during the year; 1 was amended; and public hearings were held in connection with proposed amendments to 3 of the programs and in connection with proposals for one new program.

Regulatory activities were undertaken during the year under eight programs, of which four covered citrus fruits. These four regulated the handling of oranges and lemons produced in California and Arizona, grapefruit produced in Arizona and the Desert Valley of California, and oranges, grapefruit, and tangerines produced in Florida.

Two active deciduous-fruit programs covered Georgia peaches and California plums and Elberta peaches.

After having been inoperative for three seasons, the Colorado fresh pea and cauliflower marketing-agreement program again became operative during the 1946 season, and grade and size regulations were in effect throughout the 1946 shipping season.

Following termination of WFO 82 on March 31, 1947, the marketing-agreement program, covering walnuts produced in the States of California, Oregon, and Washington, was reactivated as of April 1, thus automatically reinstating the grading provisions of the agreement and order.

Under the Florida citrus-marketing agreement and order a public hearing had been held in March 1946 to receive evidence concerning proposed amendments to the program. It was concluded from the evidence that the proposed amendments should be approved, and the sign-up of handlers and a referendum of producers were being carried out at the close of the 1946 fiscal year. These were completed early in the following year, and the amendments were given final approval to become effective September 1, 1946. During the fiscal year 1947, other amendments to the Florida citrus program were proposed, and public hearings were held in Florida in May 1947.

At the request of groups in the California-Arizona lemon industry, a public hearing was held in December 1946 to consider proposed amendments to the lemon marketing agreement and order. However, prior to the time a recommended decision of the Assistant Administrator could be made, one of the marketing organizations handling California-Arizona lemons requested that the hearing be reopened to consider additional evidence. The request was granted and a hearing date set in August 1947.

A public hearing was held in San Francisco, Calif., in April 1947 on several amendments to the walnut marketing agreement and order proposed for the purpose of conforming to the Administrative Procedure Act and of clarifying the agreement and facilitating its operation. The proposed amendments were approved subsequently in a grower referendum and became effective August 1, 1947.

Following public hearings in Florida in the summer of 1946, a tentative marketing agreement and order on Florida celery were drawn up and submitted to a referendum of growers in November 1946. However, the needed grower support was lacking in the referendum and work on the program was discontinued.

Difficulties encountered in marketing the record large 1946 potato crop, together with the prospect of the ending of mandatory price support under the Steagall amendment on December 31, 1948, led members of the potato industry in many areas to seek revitalization of existing marketing-agreement programs or the adoption of new ones. As a result, preparations are in progress for active operation of the existing marketing-agreement programs for potatoes produced in the Michigan, Wisconsin, Minnesota, and North Dakota area, the Idaho and Malheur County, Oreg., area, and the Klamath Basin area of Oregon and California. In addition, producers in South Dakota requested a public hearing on a proposed marketing agreement and order to regulate potatoes produced in the eastern half of South Dakota. The hearing was held in June 1947, and work is continuing

on this proposal. Potato producers in the western Nebraska-Wyoming area also requested a public hearing on a proposed marketing agreement and order. Preliminary work for the hearing was under way at the close of the year, but a definite hearing date had not yet been set.

PERISHABLE AGRICULTURAL COMMODITIES ACT

Administration of the Perishable Agricultural Commodities Act, which is a regulatory statute intended to suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate or foreign commerce, was characterized by unusual activity during the year. This was brought about in large part by the renewed interest of the industry in quality produce and a corresponding increase in the number of complaints received under the act. All commission merchants, dealers, and processors handling fresh or frozen fruits and vegetables in interstate or foreign commerce in carlots or in wholesale quantities of 1 ton or more are required to be licensed, and violations of the act are punished by awarding reparations as damages or by other disciplinary actions.

At the end of the year licenses in effect totaled 23,690, the largest number since the enactment of the law in 1930, and an increase of 1,564 over the number in effect at the beginning of the year. The number of complaints of violations of the act received during the year totaled 2,267, an increase of 12 percent over the preceding year. Formal decisions rendered with respect to cases in dispute increased by more than one-third over the previous year, while the number of complaints handled by informal determinations, although large, was somewhat below the previous year.

Activities under the Produce Agency Act again were limited, although the number of complaints received increased over that of the previous year. The only complaints handled under the Produce Agency Act are those that cannot be handled under the Perishable Agricultural Commodities Act—chiefly complaints involving consignment transactions.

With the reopening of commercial export markets for fresh apples and pears, activities during the year increased under the Export Apple and Pear Act. This act is designed to promote the exportation of United States apples and pears through preventing deception or misrepresentation as to the quality of such products moving in foreign commerce. Only two complaints of apparent violations of the act were received during the year, and these were settled without formal action.

With the return of near-normal conditions in the basket and hamper industry, there was a corresponding increase in enforcement activity under the Standard Container Acts of 1916 and 1928. As compared with the previous year, manufacturers listed 15 percent more items as being manufactured, 60 percent more samples of containers were tested in the course of administration of the acts, tests were made for a larger number of manufacturers, and twice the number of specifications were submitted for approval and were approved. All testing was carried on in the Washington laboratory, as funds were not available for conducting the usual field tests, by which it is possible to reach a larger number of manufacturers.

MARKET NEWS

The market news service for fruits and vegetables operated 21 permanent market offices and 41 seasonal shipping point offices. New developments during the year included operation of an office throughout the year at Yakima, Wash., covering the large production of fresh and processing fruits and vegetables in the central Washington area. Also, for the first time the seasonal office operations in Michigan were handled throughout the season by the Benton Harbor office, instead of dividing the season's operations between Benton Harbor and Grand Rapids as in the past. A new service—market information on Arkansas strawberries—was provided to growers and shippers.

Cooperative agreements are maintained with 22 States and the Territory of Hawaii, providing a greatly expanded service over that which could be handled by the Federal Department alone. Agreements with the States of Alabama and Louisiana were revised during the year to provide for expansion of services in those States. In addition, a new agreement was entered into with Arkansas to provide market news service on strawberries in that State. Also, late in the fiscal year, an agreement was entered into with Texas to provide State financial assistance toward the operation of seasonal market news offices in that State.

A total of 9,280,000 copies of market reports was mailed to approximately 62,000 individuals and firms; 43 metropolitan newspapers and 3 press associations, as well as numerous newspapers in producing areas, carried market information provided by the service; and approximately 475 radio stations carried some fruit and vegetable market information.

Weekly peanut and semimonthly honey reports also were issued from the Washington office.

STANDARDIZATION AND INSPECTION

United States standards for grades of fresh fruits and vegetables, developed over the course of the past 30 years at the request of growers, shippers, dealers, processors, and cooperative associations, have been issued, covering 68 different commodities, including 43 vegetables, 18 fruits, and 7 other products not classed as fruits and vegetables. During the fiscal year standards were issued for the first time for berries for processing, common green onions, and spinach leaves (fresh); in addition, 9 existing standards were revised during the year, and work was begun on 4 new standards and 10 revisions.

Some research was conducted and experimental data recorded during the year concerning maturity tests for fresh peas for processing. It is expected that similar work will be undertaken during the 1947 season on maturity testing of sweet corn for canning.

Inspections of fresh fruits and vegetables during the year totaled approximately 925,000 carlot equivalents, an increase of about 20,000 cars over the previous year. Of this total, inspections at shipping points totaled approximately 725,000 carlot equivalents, and inspection of raw products for processing plants about 95,000 carlot equivalents, each representing an increase over the previous year. Inspections for commercial firms in receiving markets totaled approximately 45,000 carlot equivalents, or an increase of nearly 10,000 carlots over the previous year, while inspections for public agencies, including those

at naval stations and quartermaster market centers, declined from nearly 78,000 carlots to about 60,000.

United States standards for grades of processed fruits and vegetables in effect at the end of the fiscal year totaled 92. New standards were issued for 7 commodities during the year and revision or amendment of 7 standards was made. In addition, work on 13 new and revised standards was in various stages of completion at the close of the fiscal year. Of the 92 standards in effect on June 30, 1947, 65 covered canned fruits and vegetables, 8 covered dried fruits, and 19 related to frozen fruits and vegetables.

Commercial inspections of frozen fruits and vegetables increased nearly 10 percent over those of the previous year, while canned fruit and vegetable inspections, which had increased sharply during the previous year, rose another 1 percent. Continuous inspection of canned fruits and vegetables increased nearly 15 percent and those of frozen fruits and vegetables about 6 percent. This type of service, initiated in 1938, was provided to 94 companies operating 119 plants in 1947, as compared with 87 companies and 114 plants the previous year.

GRAIN, PULSES, FEEDS, AND SEEDS

FOOD GRAINS

During the fiscal year more than \$197,000,000 was used for food products and livestock feeds under the general supply program, through which the Commodity Credit Corporation acquires, handles, and disposes of commodities to claimants. Principal claimants were cash-paying governments, UNRRA, the United States Army and Navy, American and British occupied zones in Germany, and occupied Japan and Korea. The CCC incurred no losses on these transactions.

Early in the year, the Department announced a total wheat-export goal of 267,000,000 bushels. This was later increased, because of record production of feed grains, to 400,000,000 bushels of grains and grain food products—a goal reached before May 1, 1947. Total United States exports for the fiscal year amounted to the equivalent of about 574,000,000 bushels, not including shipments to possessions and exports of flour milled in bond from Canadian wheat. Exports of whole grains procured by CCC during the year were (in bushels): Wheat, 185,929,000; corn, 67,781,000; oats, 7,825,000; barley, 11,358,000; and grain sorghums, 2,340,000. Exports of flour procured by CCC were 73,300,000 bushels in wheat equivalent, and exports of other grain products (mostly corn grits and meal) were about 4,000,000 bushels in grain equivalent. Total exports of grain and grain products procured by CCC were approximately 352,500,000 bushels. CCC procured all the wheat (except that sent to Mexico and a few other Latin-American countries) and part of the flour furnished to cash-paying governments, and the whole grains, flour, and other cereal products for United States military civilian feeding in occupied countries and UNRRA.

The remainder of the total exports of 547,000,000 bushels was handled commercially and included the following: Wheat, 13,300,000 bushels; flour, 123,900,000; corn, 41,000,000; other grain and grain products, 43,500,000.

Because market prices were favorable, only small quantities of food grains were offered under loans: Wheat, 21,968,400 bushels; flax, 24,200 bushels; and soybeans, 7,500 bushels.

Terminated during the year were two War Food Orders—WFO 1, which had regulated activities of the baking industry, and WFO 144, which required millers to produce at least 80 pounds of flour from each 100 pounds of cleaned wheat milled, and to set aside for Government allocation 5 percent of their permitted domestic distribution of flour.

FEED AND FEED GRAINS

During the first half of the year PMA was responsible for making recommendations in the exportation of feed materials to foreign claimant countries. During this period 15,000 tons of oilseed cake or meal was made available for export. During the last 6 months, exports of protein feeds were recommended only by emergency allocation, except that low-protein feeds and mixed feeds containing 25 percent or less of protein were placed under general license by the Office of International Trade, Department of Commerce, to the Philippines and Western Hemisphere countries and could move to those areas without restrictions. During this period emergency allocations were approved for the export of 149,512 tons of protein feeds to 13 foreign claimant countries.

During the year the importation of vegetable protein materials was controlled by import order WFO 63. Continuation of this order was necessary in order to facilitate control over allocations approved by the International Emergency Food Council. In the first 6 months the United States was allocated all of the exportable surpluses of vegetable protein materials from Mexico and the Caribbean area. During the rest of the year other foreign claimants were authorized to procure their IEFEC allocations wherever they could be obtained. This authorization decreased the quantity this country procured in Mexico. Total imports of protein materials from Haiti amounted to about 2,000 tons. Imports from Mexico were estimated at 20,000 tons. In addition, import permits were approved for about 65,000 tons of oilseed meal or cake from Mexico for transshipment to various European countries.

The 1946 corn loan program, made available to farmers in December 1946, was extended past the usual May closing date to the end of the fiscal year so that farmers who wished to hold their corn could do so and be assured of potential price support through the longer period. The corn rates, which were established at 90 percent of parity as of October 1, 1946, averaged \$1.15 at the farm.

Through June 30, 25,880,874 bushels from the 1946 crop had been placed under loan, as compared with 2,987,597 bushels from the 1945 crop. Extension of the loan period, plus rises in the price of corn, slowed the rate at which corn moved in and out of loan in most areas. As of September 30, 1947, 16,862,612 bushels had been redeemed by farmers.

Under the barley loan program, 490,509 bushels with a loan value of \$373,525 were placed under loan. This amount reflected a strong demand for feed and malting barley.

Under the grain sorghums loan program, 550,652 bushels of the 1946 crop were placed under loan, compared with 10,350 bushels of

1945-crop sorghums. The loan value to farmers was \$495,367. Under the oats loan program, loans were made to farmers on 787,704 bushels at a loan value of \$364,387.

To alleviate the maldistribution of feed supplies as among the different livestock enterprises and geographic production areas, a number of War Food Orders were carried over into the fiscal year. By the end of the year all of them (WFO's 9, 66, 141, 144, 145, and 147) had been terminated.

The Department bought approximately 3 million gallons of imported blackstrap molasses and allocated it to manufacturers of range cubes and pellets, which were urgently needed in the Southwest for range feeding during a prolonged drought.

PEAS AND BEANS

CCC bought allocated quantities of dry edible beans in the United States for the Puerto Rico school-lunch program.

Price supports on dry beans and peas during the year were comparable to the support on the 1945 crop. Discontinuance of subsidy payments on dry edible beans became effective July 28, 1946.

Amendment 10 to WFO 45 was issued on September 26, 1946, renewing the set-aside provisions of the order, which had been partially suspended since October 1, 1945. Purpose of the renewal was to obtain limited supplies of beans for the Army, Navy, Veterans Administration, Maritime Commission, United Kingdom, and Puerto Rico. The order was terminated on October 24, after the removal of price ceilings.

Beans and peas purchased for export shipment which did not move under a program were disposed of early in the fiscal year. This left no CCC-owned beans or peas in storage. During this clean-up movement, the remainder of 24,202,720 pounds of dry whole Alaska peas was delivered to the Army.

RICE

PMA participated in the activities of the rice committee of the International Emergency Famine Committee, prepared the allocations of United States rice for the authorized claimants, and established the general policy under which export and import licenses were issued.

Under WFO 10, the amount of the Government set-aside of each rice mill's monthly production was set at 40 percent on September 19, 1946. On March 1, 1947, the set-aside quantity was reduced to zero, CCC and most other governmental agencies by then having secured their season's requirements. In part, the completion of the purchase program so early in the marketing year was due to the maritime strike, which diverted to CCC much rice that the miller otherwise would have moved through commercial channels to offshore markets. CCC purchases from October to February amounted to approximately 340,000,000 pounds of milled rice, and during the entire season to approximately 378,000,000 pounds. Distribution of United States rice reported by mills subject to WFO 10 during the fiscal year were as follows (in thousands of pockets): United States civilians, 8,210; United States military and other governmental agencies, 714; Hawaii, 660; Puerto Rico and the Virgin Islands, 2,288; CCC, 3,776; and commercial exports, 4,024.

SEEDS

Seeds purchased by CCC for export during the year totaled about 54,388,000 pounds—of which about 48,344,000 pounds were field seeds and about 6,044,000 pounds were vegetable seeds. As the fiscal year began, stocks of seeds purchased by CCC for export and carried over in the stock pile included 1,846,700 pounds of vegetable seeds and 1,052,300 pounds of field seeds. During the year all of these seeds were either exported or sold to trade members in the United States.

Three hundred and eleven loans were made to producers on 8,035,300 pounds of seeds that included blue lupine, alyce clover, lespedeza, and alfalfa. On the maturity of these loans, CCC took title to 7,476,000 pounds. When the year ended, CCC as the result of price-support activities owned seeds as follows: Blue lupine, 681,050 pounds; alyce clover, 1,114,850; Sudan grass, 8,118,450; ryegrass, 20,976,200.

SURPLUS PROPERTY DISPOSAL

Approximately 4,015,100 pounds of grains, pulses, feeds, seeds, and their products were sold as surplus property, and action was pending on another 5,596,800 pounds.

REGULATION AND INSPECTION

FEDERAL SEED ACT

Under the Federal Seed Act, which supplements State seed laws by requiring complete labeling of seeds moving in interstate commerce, reports and investigations of complaints charging violations of the act numbered 835, as compared with 527 during the preceding year. Criminal action was recommended in 61 instances, and seizure in 4 instances. Sixteen criminal cases and 3 seizure cases were pending in court as the year ended.

The act also prohibits the importation of agricultural and vegetable seeds that fall below fixed standards of quality. When offered for importation, these seeds must be tested. Some 69 million pounds of seeds were offered for importation during the year. Of this quantity about 10 million pounds were rejected as offered. About 7½ million pounds were released after cleaning and staining.

GRAIN STANDARDS ACT

Under the United States Grain Standards Act, grain for which standards have been promulgated must be inspected, graded, and certificated according to standards when it is merchandised by grade in interstate or foreign commerce from or to an inspection point. The primary inspection of grain is performed by inspectors of State and trade inspection departments and in some cases by independent inspectors, all of whom are licensed by the Secretary of Agriculture. PMA supervises the work of the licensees, to insure uniform application of the standards, and handles appeals from inspections they make.

During the fiscal year licensed inspectors made 2,117,641 inspections, slightly exceeding the all-time high of the preceding year. Of these inspections 7.3 percent were supervised on the basis of Federal samples, and 1.5 percent on the basis of a review of inspectors' samples.

The quantity of grain inspected totaled 4,097,624,000 bushels, and the number of inspection certificates issued under the act totaled 2,164,173. The inspections included vast quantities of grain inspected for export. Inspection activities included problems involving sampling, moisture in corn, uneven loading of shipments, storage damage, and open-top cars for hauling grain.

OTHER INSPECTION WORK

PMA also inspects beans, peas, hay, hops, seeds, and rice. The services are operated as direct Federal services or through licensed inspectors under cooperative agreements with the State department of agriculture or other State agencies. A few are licensed under cooperative agreements with trade organizations. Bean inspections for the year totaled 4,736,000 bags; pea inspections, 6,094,000 bags; hay, 256,830 tons; hops, 267,821 bales; and rice 33,935,557 bags. The volume of alfalfa seed verified as to origin exceeded that of any previous fiscal year since the inauguration of the service in 1927—Kansas leading with more than 20 million pounds.

STANDARDIZATION RESEARCH AND TESTING

Standardization and marketing-research projects included a review of all the standards under the Grain Standards Act; a revision of the U. S. standards for milled rice; amendment of the U. S. standards for oats; research aimed at devising a sedimentation test for the bread baking and the gluten quality of wheat; research aimed at developing a quick, practical photometric test for determining gluten quality; and research on moisture-testing devices. Testing activities included the testing of mechanical equipment used by the field offices and licensed inspectors; checking the accuracy of newly manufactured grain sieves; and testing flour for vitamin enrichment.

For the fifth consecutive year, the facilities of the Beltsville, Md., standardization research and testing laboratories were used to test and supervise the testing of numerous commodities for various Government agencies. The work consisted of testing approximately 50,000 lots of the various commodities for compliance with contract specifications. The commodities included essentially all grain products, including soybean and flaxseed products, all vegetable oils, shortenings (other than lard), oleomargarine, soaps, vitamins and related products, and a wide variety of other miscellaneous commodities purchased by CCC and the War and Navy Departments.

MARKET NEWS

Reestablishment of open competitive markets for grain and feed following the removal of price ceilings increased farmers' and feeders' needs for market news.

The market news work was administered from Washington through seven field offices located at Minneapolis, Chicago, Kansas City, Atlanta, San Francisco, Los Angeles, and Portland, Oreg.

The Federal-State office at Columbus, Ohio, disseminated weekly information on supplies and prices of feeds and grains. Alabama farmers received market information through a weekly grain and feed market review issued from the Federal-State office at Mont-

gomery. The Federal-State market news service at Corvallis, Oreg., broadcast market information by radio on grain, feed, hops, and cover-crop seeds. Grain and feed market information was furnished to North Carolina farmers and feeders through the cooperation of the Division of Markets of that State.

Daily price reports, weekly market reviews, and supply and distribution summaries prepared quarterly, semiannually, and annually continued to be the principal vehicles for carrying market news to grain growers, livestock feeders, dairymen, and poultrymen. Over a million of these releases were mailed direct to producers, feeders, and others during the year.

Supplies and utilization were given a heavier accent in the market reports, but crop conditions, market movement, stocks, demand, and prices also continued as important features.

The Federal-State market news services inaugurated during the previous year in Alabama, Ohio, North Carolina, and Iowa made considerable progress in Alabama and Ohio. The program was begun in North Carolina, but little progress was made in Iowa.

Requests from other Government departments and from trade agencies for special information on market conditions and for market statistics continued to increase. Further refinements were made on supply and distribution statistics and certain feed-production statistics. More than 500 statistical series were kept current. These included statistics on production, stocks, market movement, utilization, and prices of practically all grains, grain byproduct feeds, oilseed meals, other byproduct feeds, and rice.

Statistics pertaining to grain inspection and the quality of the season's grain crops were maintained currently, with data on commercial stocks of grain, rice milling, production of brewers' and distillers' dried grains, and alfalfa meal.

LIVESTOCK, MEATS, AND WOOL

PRODUCTION

The number of livestock on farms declined during 1946 for the third successive year since reaching an all-time peak on January 1, 1944. The decline during 1946 was greater than that in 1945, but was somewhat less than the decline in 1944.

The downward trend of numbers of all cattle on farms, which started during 1945, continued during 1946 as slaughter and deaths exceeded the number of calves born. On January 1, 1947, there were 81,050,000 head on farms, as compared with 82,434,000 on the same date in 1946, and 85,573,000—the all-time peak—in 1945.

Hogs on farms January 1, 1947, numbered 56,901,000 head—7 percent fewer than a year earlier. This was the lowest number since 1941 and 32 percent below the wartime peak of 83,741,000 on January 1, 1944. The 1947 total, however, was only about 1 percent below the 1936-45 average.

Stock sheep numbers declined during 1946, making 5 years of continuous reduction in sheep inventories. Stock sheep numbers, at 32,542,000 on January 1, 1947, were the lowest of a record dating back to 1867. All sheep numbers were the lowest since 1925.

HOG PRICE SUPPORT

The hog price-support program was revised in October 1946 in accordance with the change in parity price for hogs. This support was effective for the marketing year October 1946 through September 1947. In January 1946, the support program was changed so that support prices were established for each 6-month marketing period, October through March and April through September. The support level, Chicago basis, was set at \$15.60 per hundredweight for the period April through September. It should be pointed out, however, that hog prices were well above the support level throughout the fiscal year and there were no actual price-support operations for hogs.

WAR FOOD ORDERS

At the beginning of the fiscal year, meat distribution and the support of hog prices were controlled under War Food Order 75 and its companion set-aside orders, and under WFO 139, which provided for certification of noninspected slaughterers and for the movement in interstate commerce of meat produced by these slaughterers. In addition, an order controlling federally inspected slaughter (WFO 75.7) was in effect during the latter part of the year.

All these orders were discontinued during the 1946-47 fiscal year.

PROCUREMENT**WOOL**

The wool purchase program was in effect until April 15, 1947, although the program of selling Commodity Credit Corporation wool stocks continued.

As in the past years, the CCC bought the wool from producers through established dealers and cooperative associations that serve as handlers for CCC. The class, shrinkage, and value of each lot were determined by Government appraisers in accordance with a schedule of purchase values. The prices paid producers averaged about 42 cents per pound.

Purchases during the year amounted to approximately 267 million pounds, sales to 308 million pounds, and stocks on hand June 30, 1947, to 409 million pounds.

LIVESTOCK

During the year PMA purchased on behalf of UNRRA approximately 149,000 horses and 15,000 mules at a cost f. o. b. steamer of \$18,500,000. This program was concluded in February 1947.

MEAT AND LARD

After the termination of price controls in October 1946, only a relatively small amount of meat and lard was purchased for UNRRA and foreign governments. Meat purchases, excluding horse meat, totaled over 1.5 million pounds, horse meat 40 million, and lard 57 million pounds.

REGULATION**THE PACKERS AND STOCKYARDS ACT**

The Packers and Stockyards Act gives the Secretary of Agriculture supervision over the operations of packers, stockyard companies,

market agencies, dealers, and licensed poultry handlers, and authorizes him to regulate rates and charges for services at stockyards and designated poultry markets. Petitions for increased yardage and commission rates were restricted to a level generally representative of actual increased labor costs plus other essential increases.

During the year steps were taken to bring about additional protection of consignors' proceeds of sales while in the custody of commission firms.

Table 7 shows the number of agencies and persons registered under the act during the fiscal years 1947 and 1946.

During the past year increased emphasis has been placed on the supervision of trade practices and improvement of services to producers and shippers furnished by market agencies. Elimination of many unfair practices that are detrimental to the interests of producers has been accomplished. In handling the rate work, greater emphasis has been placed on improved services and facilities furnished by both the market agencies and stockyard companies.

TABLE 7.—*Number of agencies and persons registered under the Packers and Stockyards Act, fiscal years 1947 and 1946*

| Fiscal year ended | Stock- yards posted | Market agencies and dealers registered | Packers under super- vision | Poultry licensees |
|--------------------|---------------------------|--|--------------------------------------|----------------------|
| | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> |
| June 30, 1946----- | 193 | 4, 708 | 1, 340 | 1, 549 |
| June 30, 1947----- | 201 | 4, 652 | 1, 871 | 1, 497 |

THE INSECTICIDE ACT

The Insecticide Act is designed to protect farmers, livestock growers, and other users of insecticides, fungicides, and disinfectants against losses resulting from the use of misbranded and adulterated products.

During the year, because of the unprecedented number of new insecticides that came on the market following the end of the war, the manufacturers were invited to submit their formulas and labels for advice as to their legality under the Insecticide Act. The response was almost overwhelming, and as a result an enormous amount of misbranding was avoided.

During the year 2,155 samples were collected, as compared with 2,136 last year. There were 2,355 actions on cases, as compared with 1,906 in the fiscal year 1946.

On June 25, 1947, the President signed the Insecticide, Fungicide, and Rodenticide Act. It includes insecticides, fungicides, herbicides, rodenticides, and devices and provides for registration of all economic poisons subject to the act. The new law became effective as to devices upon enactment; as to herbicides and rodenticides it becomes effective in 6 months, and as to insecticides and fungicides a year after enactment. Meanwhile the 1910 act remains in effect.

MARKET NEWS

Demand continued heavy for livestock market news on supplies, prices, and grades. PMA provided current and historical information on production and marketing by means of daily market reports on livestock, meats, and wool.

Market news field offices were operated at 29 public livestock markets, 2 direct livestock marketing areas, 1 lamb contract area, 3 wholesale meat markets, and 1 wool market. A new livestock market news office was opened at Spokane, Wash., August 5, 1946.

STANDARDIZATION

LIVESTOCK AND MEATS

Studies were continued on revision and modification of existing standards for cattle, and for beef, veal, lamb, and mutton. A 3-month survey was made of the interpretation of grade standards in connection with the marketing of cattle at three midwestern cattle markets, to observe the grade characteristics of cattle preparatory to a revision in the live cattle grade specifications.

The University of Minnesota cooperated in studies pertaining to the sale of livestock on the basis of carcass grade and weight.

WOOL AND MOHAIR

Studies relating to the development of standards for wool and mohair and their application to production, trade, and industry have been continued during the year. Practical forms of the official wool and wool top standards prepared by PMA have been sold for commercial use and distributed without charge for official and educational use. Over 12,000 wedge scales for wool fiber measurement have been distributed to the industry at cost. To facilitate the marketing of domestic wools, a project under which 1,000,000 pounds of wool was sorted and typed before placing the wool on the market has been completed.

DEMONSTRATIONS OF CLASS AND GRADE STANDARDS

Demonstrations of the class and grade standards of live animals and meat were conducted at 28 of the larger shows and expositions during the year. At these demonstrations, cattle, hogs, and lambs produced under average commercial conditions were used to demonstrate differences in grades, both in live animals and in carcasses.

GRADING

Meat grading was mandatory during the period of price control. Following the abolition of mandatory grading on October 15, 1946, many slaughterers discontinued Federal meat grading. As a result, only 5.7 billion pounds of meat and lard were graded during the year, as compared with 12.1 billion during 1945-46.

During the period of price control, letter grades—such as AA, A, B, and C—came into use to provide isolated packers and local slaughterers with a means of identifying grades of meat when it was not possible for the graders of the Department of Agriculture to provide this service. These grades were not and still are not the official meat grades of the Department of Agriculture. The official meat grades

are: U. S. Prime (the top grade), U. S. Choice, U. S. Good, U. S. Commercial, and U. S. Utility. In addition, there are U. S. Canner and U. S. Cutter grades for beef, and U. S. Cull grade for veal, lamb, and mutton.

POULTRY AND EGGS

PRODUCTION

Approximately 60,003,000,000 eggs were produced during 1946-47. Although this represents a decline of $2\frac{1}{2}$ percent from the 61,521,000,000 eggs produced in 1945-46, supplies were adequate to meet consumer demand throughout the 12-month period. Supplies of chickens and turkeys also were adequate to meet demand.

PURCHASES FOR PRICE SUPPORT AND EXPORT

Purchases of eggs for price support were all made during the period February-June 1947. Price-support purchases during this period totaled 5,531,762 cases, all of which were dried or frozen.

A price-support program was developed for turkeys during February 1947 and 1,541,122 pounds were purchased—mainly in the Western States. No chickens were purchased for price support, however, during the fiscal year.

Purchases of dried whole eggs, for export to the United Kingdom, totaled 63,658,979 pounds—the equivalent of about 6.4 million cases. Purchases of frozen eggs for export totaled 8,880,800 pounds—the equivalent of 236,800 cases.

Tables 8 and 9 show details of purchases for price support and for export.

TABLE 8.—*Dried whole egg purchases during fiscal year 1946-47, by month of purchase and type of program*

| Month of purchase | Type of program | | Total |
|-------------------|-----------------------------|---|------------------------|
| | Supply program ¹ | Price-sup- port program ² | |
| 1946 | | | |
| July | Pounds 15, 974, 498 | Pounds | Pounds 15, 974, 498 |
| August | 7, 652, 079 | | 7, 652, 079 |
| September | 3, 215, 272 | | 3, 215, 272 |
| October | 2, 478, 206 | | 2, 478, 206 |
| November | 2, 779, 455 | | 2, 779, 455 |
| December | 5, 064, 390 | | 5, 064, 390 |
| 1947 | | | |
| January | 11, 714, 003 | | 11, 714, 003 |
| February | 11, 680, 616 | | 11, 680, 616 |
| March | 3, 100, 460 | 4, 118, 614 | 7, 219, 074 |
| April | | 10, 338, 883 | 10, 338, 883 |
| May | | 15, 676, 670 | 15, 676, 670 |
| June | | 10, 513, 124 | 10, 513, 124 |
| Total | 63, 658, 979 | 40, 647, 291 | 104, 306, 270 |

¹ Cash-paying governments.

² Price-support program (CCC funds).

TABLE 9.—*Frozen whole egg purchases during fiscal year 1946-47, by month of purchase and type of program*

| Month of purchase | Type of program | | Total |
|-------------------|-----------------------------|-------------------------------------|--------------|
| | Supply program ¹ | Price-sup-port program ² | |
| 1946 | Pounds | Pounds | Pounds |
| July----- | 5, 740, 890 | ----- | 5, 740, 890 |
| August----- | 1, 778, 810 | ----- | 1, 778, 810 |
| September----- | 1, 361, 100 | ----- | 1, 361, 100 |
| October----- | ----- | ----- | ----- |
| November----- | ----- | ----- | ----- |
| December----- | ----- | ----- | ----- |
| 1947 | | | |
| January----- | ----- | ----- | ----- |
| February----- | ----- | 17, 009, 190 | 17, 009, 190 |
| March----- | ----- | 1, 787, 640 | 1, 787, 640 |
| April----- | ----- | 552, 000 | 552, 000 |
| May----- | ----- | 27, 555, 720 | 27, 555, 720 |
| June----- | ----- | 10, 065, 290 | 10, 065, 290 |
| Total----- | 8, 880, 800 | 56, 969, 840 | 65, 850, 640 |

¹ Cash-paying governments.² Price-support program (CCC funds).

PRICES

Farm prices for eggs have averaged 92 percent of parity for the fiscal year and 93 percent of parity for the first 6 months of 1947. (Federal law requires that eggs be supported at not less than 90 percent of parity until December 31, 1948.) Farm prices for eggs in cents per dozen during March, April, May, and June were at almost record levels—a result largely of the keen domestic demand and the high support price level required under the parity formula.

MARKET NEWS

Market news work for both dairy and poultry products is handled by the same personnel. The account covering market news on dairy products (see p. 39) applies equally well to poultry products.

STANDARDIZATION, INSPECTION, AND GRADING

The United States Standards for Quality of Individual Shell Eggs were revised and issued to become effective December 1, 1946. The revisions were based on suggestions received and accumulated during the war years and on suggestions made in response to a questionnaire sent out to industry members, State colleges, State Departments of Agriculture, and at conferences with all segments of the industry.

The Tentative U. S. Specifications and Weight Classes for Consumer Grades for Shell Eggs were revised and issued to become effective December 1, 1946. These revisions were discussed with interested groups at the same time as the revisions of the standards of quality.

A series of 35 mm. color slides and a color chart were developed from color photographs for educational work and grader training on shell egg standards and grades.

Two amendments, revoking a wartime allowance of fan feathers on the wing tips of dressed turkeys, were prepared and issued as a part of the Tentative U. S. Standards for Classes and Grades for Dressed Turkeys.

The first draft of a Handbook for Resident Inspectors was prepared in cooperation with the Dairy and Poultry Inspection and Grading Division. This handbook is keyed to the individual requirements specified in the Minimum Tentative Requirements for Facilities, Operating Procedure, and Sanitation in Egg-Breaking and Egg-Drying Plants. The purpose is to provide the resident inspectors, who are responsible for the certification of products in plants under continuous supervision, with material that will enable them better to understand plant operations and Federal requirements.

During the year the question of the importance of the presence of food-poisoning organisms of the *Salmonella* type in egg and poultry products attracted considerable attention. Several lots of American frozen and dried egg products were refused entry into Sweden because of the presence of *Salmonella* organisms. Assistance was given to the companies involved through informational material and a conference with the Chief of the State Bacteriology Laboratory in Stockholm, Sweden, who was in this country. Considerable time was spent in obtaining available information regarding the possible pathogenicity of these particular organisms for man. The final typing of *Salmonella* cultures isolated from washed dirty eggs and from fermenting egg albumen was completed through the cooperation of the Eastern Regional Research Laboratory.

A mobile laboratory unit was used in carrying on a study of the cause of high bacterial counts in egg-breaking and drying plants, and to make a preliminary study of the use of ultraviolet light in egg-breaking rooms. It was found that the improper washing and sterilizing of equipment used in egg breaking contributed to the increase of bacteria in liquid eggs.

Further research in the field included cooperative research at the Eastern Regional Research Laboratory on the biochemical reactions of cultures from albumen fermentations, and the effect of storage on dried whole eggs.

MARKETING RESEARCH

RESEARCH IN EGG PACKAGING

Observations made in 1946-47, showed that 40 percent of the wooden egg cases in several cars arriving at the eastern seaboard were warped or improperly assembled, whereas about 85 percent were in this condition in 1945-46. Today, fillers and flats are stronger and are made of good material, as contrasted with the situation in 1945-46, when fillers and flats failed to hold up well, especially in wooden cases.

Many makes of fiber egg cases not holding up well in transit have been all but eliminated from the market, and only the better cases with increased moisture resistance are being sold. These compare favorably with the standard wooden cases.

Three cars of cartoned shell eggs in fiber cases were examined at destination as part of a program to determine the weak points in egg cartons when packed in cases; to compare the utility of egg cartons as inner-case packing material with that of the usual fillers and flats; and to find in what part of the cartons and in what part of the cases the heaviest egg damage occurred. The results of this work have been presented to carton manufacturers for their guidance in improving this type of container.

Specifications for various types of containers for the packaging of dried, frozen, and shell eggs for Government purchases were developed. Numerous tests were also made of containers and packaging material submitted by egg driers and packagers to determine specification requirements.

The British Food Mission has stated that the dried eggs purchased in the United States arrived in Great Britain in better condition and with less damage during 1946-47 than during the two previous years.

A poster entitled "Wooden Egg Case Assembly" has been prepared and will be distributed to those who assembled eggs cases, as well as to receivers and warehousemen.

Two posters, IMA Good Egg and Proper Loading of a Car of Shell Eggs Essential, have been printed and approximately 10,000 copies have already been distributed to shippers, packers, receivers, and railroads as part of the egg-case program to reduce losses of eggs in transit by rail.

RESEARCH ON TRANSPORTATION DAMAGE

A number of studies were made to determine what causes damage to eggs and egg cases in transit. The results of this work were presented at two meetings of container manufacturers, shippers, packers, receivers, warehousemen, and railroad representatives. Among the recommendations made by an industry group were:

1. That an advisory group of industry representatives be established to consider problems and develop a specific program to effect a reduction in egg losses in shipments by rail.
2. That the rail transportation studies started by the Poultry Branch be continued.
3. That similar tests be started on egg shipments by truck.

RESEARCH ON MARKETING FACILITIES

A survey was made of egg marketing facilities in several key counties in Georgia and Alabama. This survey was designed to study the volume of eggs handled, the facilities used in marketing eggs, and the cost of moving eggs from the producer to the wholesaler. A study was also made of costs of dressing and packing turkeys in the Shenandoah Valley area of Virginia. Considerable work also was done in connection with the study of facilities which might be used in improving the utilization of byproducts from poultry-dressing plants. A detailed study of the trading in Chicago egg futures during 1946 was completed.

INFORMATION FOR CONSUMERS

Assistance from various Department agencies was obtained in developing plans for, and preparing a summary of an outline for a study

of consumer acceptance of turkey halves, quarters, disjointed parts, and steaks, to be made in connection with a proposed turkey pilot consumption test.

Reports on consumer acceptance of turkey steaks were obtained from representatives of the turkey industry and members of the Department turkey pilot test committee who purchased steaks for home testing. Statements on the acceptability of the steaks have been accumulated from various records of the serving of turkey steaks in public eating establishments and at dinner meetings of official groups. These constitute subjective, personal reactions of individuals; so far, no objective tests have been made by a panel of experienced tasters.

Consumer guides in buying eggs and poultry were developed in cooperation with the National Education Association and various Government agencies.

Fact sheets on broilers, turkeys, and eggs were developed for use in consumer campaigns featuring the abundance of these poultry products.

SUGAR

World production of beet and cane sugar for the 1946-47 season was estimated early in 1947 at 30.4 million tons. This estimate was later revised upward to 31.1 million tons, owing primarily to the Cuban crop, which increased throughout the season to a record of 6,448,000 tons. However, world production was still considerably below the pre-war average of 34.8 million tons, and consequently international allocations were continued and consumption controls were maintained in the United States until summer.

In March 1947, sugar rationing and price control, formerly administered by the Sugar Division of the Office of Price Administration, were transferred to the Department of Agriculture under the provisions of the Sugar Control Extension Act. The Sugar Rationing Administration was established to administer the work in the Department. In June 1947, owing primarily to an increase in the United States share of the Cuban crop, rationing of sugar for household and institutional use was eliminated. Rationing of sugar for industrial users ended in July, but price ceilings were retained through October 31.

INTERNATIONAL ALLOCATIONS

The record 1947 Cuban crop has made possible recommended allocations by the International Emergency Food Council from Cuban sugar of 2.0 million short tons more than in 1946. The United States share of this increase is about 1.4 million tons. Sugar supplies in most other areas subject to IEFC recommendations also are substantially improved in 1947. These increases provide United States supplies of approximately 97.5 pounds, raw value, per capita this year, compared with 79.2 pounds in 1946. The 1947 total (per capita basis) is about 94 percent of the prewar average. The 1947 IEFC recommendation provides a per capita consumption of at least 75 percent of the prewar per capita consumption for all the countries of western Europe that have requested sufficient sugar to achieve that level. The corresponding figures in 1946 lay between 50 and 60 percent.

PURCHASE PROGRAMS

During the fiscal year 1947, the Department contracted to buy the 1946 and 1947 Cuban sugar crops, the 1947 Puerto Rican sugar crop, and the 1947 Virgin Islands sugar crop. These contracts provided for purchase of the entire production of these areas, except for certain quantities required for local consumption and, in the case of Cuba, certain additional quantities reserved for free export. The purchase of these crops assured the fullest possible supply from these areas to the United States and made it possible to provide for an orderly movement of this sugar to the United States and for its equitable distribution here.

Because of increased plantings and favorable weather conditions, the 1947 Cuban sugar crop—estimated at 6,448,000 short tons—is the largest Cuban sugar crop on record. The production of 6,448,000 tons represents an increase of 1,972,000 short tons over the 1946-crop Cuban production. Puerto Rican production of 1946–47-crop sugar, 1,087,000 short tons, compares with 909,000 short tons produced in 1945–46. Production in the Virgin Islands decreased from 5,000 short tons in 1946 to 3,000 in 1947.

The final average settlement price for all 1946-crop sugar was 4.1816 cents per pound. The increase from the basic minimum price of 3.675 cents per pound was based on an increase in the index of the retail price of foods in the United States as provided for in the 1946 and 1947 Cuban contract. An amendment to the 1946 and 1947 Cuban contract, negotiated early in 1947, established a basic minimum price of 4.925 cents per pound for 1947-crop Cuban sugar. The 1947-crop basic minimum price is subject to upward revision, contingent upon certain events such as increases in the index of United States retail food prices, in the index of the United States cost of living, and in ceiling prices in the United States. Since the 1946 and 1947 Cuban contract provides for the determination of a new pricing procedure when ceiling prices end in the United States, the Department and the Cuban Sugar Stabilization Institute entered into a new contract in October 1947.

The basic minimum price for the 1946 crops of Puerto Rico and Virgin Islands sugar was 3.845 cents per pound. This price was tied to the United States ceiling price for raw sugar and varied with the ceiling price in effect when the loading of an ocean carrier was begun in Puerto Rico and the Virgin Islands. In addition, the 1946-crop Puerto Rican and Virgin Islands purchase contracts provided for a grower's support payment of approximately 87 cents per hundred pounds and for a processor-assistance payment of 15 cents per hundred pounds. Because of increases in the United States ceiling price for raw sugar, the Department's obligations to make price-support and processor-assistance payments to growers of 1946-crop sugarcane and to processors of 1946-crop sugar in Puerto Rico and the Virgin Islands were materially reduced. The price of 1947-crop Puerto Rican and Virgin Islands sugars consists of the final price paid by the Department to Cuba for 1947-crop sugar plus the United States duty and ocean-freight differentials historically applied to these areas. Shipments of 1947-crop Puerto Rican and Virgin Islands sugar are being made currently at a basic price of 5.755 cents per pound. Under the 1947 contracts the payments on 1946 crop sugar

were increased 0.479 cent per pound for Puerto Rico and 0.467 cent for the Virgin Islands, so that the total payments for those crops corresponded with the final price paid Cuba for 1946 crop sugar.

PRICE SUPPORT

The 1946-crop price-support and processor-assistance programs announced in August 1945 guaranteed growers of beets \$13.50 per ton of average quality beets. Price increases during the fiscal year 1947 materially affected the actual cost of these programs to the Commodity Credit Corporation.

At the end of the fiscal year, the program for sugar beets was not yet completed; but the prospect was that there would be little, if any, cost to CCC, and that beet growers in most settlement areas would receive somewhat more than the support price for their beets out of the net proceeds from the sale of sugar.

Price increases known by the time harvest was well under way raised the "season average price" for Louisiana and Florida sugarcane above the support level and therefore no program was put into operation for these areas. For Hawaii, price increases reduced payments from the anticipated levels of \$2.10 per ton of average sugarcane (growers' price support) plus 15 cents per 100 pounds of raw sugar (to assist in meeting increased processing costs) to a total of approximately 35 cents per 100 pounds of sugar. The program for Puerto Rican sugarcane was an adjunct of the purchase programs and is included in the report of that program.

Programs for 1947-crop sugar included price supports for sugar beets and Hawaiian sugarcane. This program was designed to assure Hawaiian producers a price comparable with that paid under the 1946- and 1947-crops Cuban Raw Sugar Purchase and Sale Agreement. These programs were announced in the fall of 1946.

Under the 1947-crop Sugar Beet Price Support Program, processors guaranteed their growers an average of \$14.50 per ton for beets of average sucrose content. In turn, CCC guaranteed that the basic price of specified seaboard cane refineries for cane sugar would average at least \$8.20 during the period when each beet processor sells sugar. Since 1947-crop sugar will be sold during a period beginning early in the 1948 fiscal year and lasting until about the end of the 1949 fiscal year, the results of the program in terms of cost to CCC cannot be predicted accurately.

The Price Support Program for 1947-crop Hawaiian sugar provides for an average San Francisco delivered price equal to the final average price paid for Cuban sugar with adjustments for duty and freight differences. The program also provides for certain CCC control over the destination of the sugar and a payment calculated on the output of 1946-crop sugar tending to equalize returns from that crop with the payments for Cuban sugar of the same crop.

Programs for reimbursement of excess costs of shipping sugar beets from closed mill areas to operating mills, of shipping Louisiana raw cane sugar to refineries other than the nearest, and of excess ocean freight on Hawaiian and Puerto Rican sugar were terminated when the 1946 crops were moved from these areas.

SUBSIDY PROGRAMS

Between July 1946 and January 1947, reimbursement was made to primary distributors for the excess transportation costs they incurred in shipping from available stocks more than 3,000,000 bags (100 pounds each) of refined sugar to distantly located areas which, in the absence of such a program, would not have had sufficient sugar to meet ration requirements. Dislocation of supplies during September, October, and November 1946 was especially severe because maritime strikes interrupted the importation of offshore sugar.

To effect an equitable distribution of sugar in the United States, PMA, by continuing in effect (with minor changes) the reimbursement program to importers of Cuban and Puerto Rican direct-consumption sugar, enabled importers to continue importing and marketing the sugar within price ceilings.

Offshore raw sugar purchased by CCC continued to be sold, as it had been since 1943, under contracts with refiners of raw cane sugar east of the Rocky Mountains. Ceiling prices on raw sugar in effect during the fiscal year and the duty-free entry of such sugar through December 31, 1946, enabled CCC to sell its sugar generally without any absorptions.

REFINED SUGAR PURCHASE PROGRAM

During the year CCC purchased 930 tons of refined sugar for foreign claimants. In addition, 36,000 tons of refined sugar purchased during the previous year were shipped to complete the UNRRA sugar program. To make it possible for foreign claimants and the armed forces to purchase sugar through commercial channels, against allocations, Cuban raw sugar was allotted to United States refiners to replace refined sugar sold for export and to the armed forces.

SUGAR EXPORT CONTROLS

PMA administers export controls on sugar and related products pursuant to the terms of the Sugar Control Extension Act of 1947. Sugar exports were permitted only to claimant countries which received allocations of Cuban sugar upon recommendation of the International Emergency Food Council and the Department of Agriculture. This sugar was brought to this country in raw form for refining purposes. In considering applications for the export of sugar-containing products, account was taken of the supply situation in the United States, the use to be made of the product, and other factors.

SURPLUS PROPERTY DISPOSAL

The declared value of the fountain sirups, flavorings, and nonalcoholic beverages declared surplus by the Army and Navy transferred to PMA totaled \$1,012,028.99.

By the end of the fiscal year, \$937,396.91 (declared value) worth of the total declared had been disposed of. Disposals were made in accordance with the Surplus Property Act, which affords priority to the Federal Government, veterans, State and local governments, non-profit institutions, public international organizations, and the general trade in the order named.

SUGAR ACT ACTIVITIES

The conditional-payment provisions of Title III of the Sugar Act of 1937, as amended, continued in operation during the fiscal year 1947, although the quota provisions of the act remained under suspension. There were no governmental restrictions on sugar production in any of the domestic producing areas. In fact, the Department encouraged the production of sugar through various special programs and activities. Although total sugar production in the domestic areas declined during the war period, the result primarily of a labor shortage in most areas, of worker strikes in Puerto Rico and Hawaii, and of competition with other farm products in the sugar beet area, table 10 shows that a more nearly normal rate of production was regained.

TABLE 10.—*Production of sugar (raw value, 1,000 short tons), by crop years, 1940-46*

| Year | Continental | | Puerto Rico | Virgin Islands | Hawaii |
|-------------------------|-------------|--------|-------------|----------------|--------|
| | Cane | Beets | | | |
| 1940----- | 337 | 1, 897 | 940 | 8 | 977 |
| 1941----- | 415 | 1, 588 | 1, 156 | 1 | 947 |
| 1942----- | 460 | 1, 726 | 1, 046 | 4 | 870 |
| 1943----- | 496 | 998 | 729 | 3 | 886 |
| 1944----- | 469 | 1, 050 | 971 | 4 | 875 |
| 1945----- | 514 | 1, 278 | 916 | 4 | 835 |
| 1946 ¹ ----- | 426 | 1, 523 | 1, 090 | 5 | 680 |

¹ Estimated.

Payments made pursuant to the Sugar Act of 1937, as amended, have been an important factor in maintaining sugar production because they make up a substantial percentage of the income of sugar-beet and sugarcane producers. In qualifying for these payments producers are required to meet certain standards with respect to child labor and wage rates, to perform certain soil-conserving practices prescribed by the Secretary, and, if they are processors as well as producers, to pay fair and reasonable prices for sugar beets and sugarcane.

The payments are made at a basic rate of 80 cents per hundred pounds of commercially recoverable sugar, raw value. The rate decreases as the quantity of sugar produced on the farm increases, and reaches a minimum of 30 cents per hundred pounds on the part of the total quantity produced on the farm that exceeds 30,000 short tons.

In addition to these basic payments, partial crop-loss payments are made in cases of bona fide abandonment of planted acreage and crop deficiencies of harvested acreage. This measure of protection against crop loss resulting from drought, flood, storm, freeze, disease, or insects has helped to keep up farmers' interest in sugar-yielding crops.

The estimated total of these payments, the part of the payment made with respect to abandonment and deficiency, and the number of payees, for the 1946 crop year by various domestic areas, are shown in table 11.

TABLE 11.—*Payments under Sugar Act of 1937, and number of payees, crop year 1946*

| | Conti- nental sugar- beet area | Conti- nental sugar cane area | Hawaii | Puerto Rico | Virgin Is- lands |
|--|---|--|----------------|----------------|------------------------|
| | <i>Dollars</i> | <i>Dollars</i> | <i>Dollars</i> | <i>Dollars</i> | <i>Dollars</i> |
| Total amount of payments | 28, 200, 000 | 6, 700, 000 | 6, 575, 000 | 15, 200, 000 | 67, 000 |
| Abandonment and deficiency payments----- | 1, 258, 000 | 347, 000 | (no est.) | 592, 000 | ----- |
| | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Number</i> | <i>Num- ber</i> |
| Payees----- | 62, 000 | 10, 500 | 1, 500 | 14, 400 | 550 |

The operation of the Sugar Act payment program has necessitated the issuance of a large number of forms and instructions and numerous determinations by the Secretary of Agriculture. Public hearings were held in each of the domestic producing areas, and special investigations were made in most of them to obtain the information needed in making the determinations. The most significant determinations dealt with fair prices for sugar beets and sugarcane, and fair and reasonable wage rates paid by producers applying for payments under the act.

During the fiscal year, fair-price determinations were issued covering the 1946 crop in Louisiana and Florida, the 1946-47 crop in Puerto Rico, the 1947 crop in the Virgin Islands, and the 1946 and 1947 crops in the United States sugar-beet area. A significant change in price requirements became effective in Puerto Rico when processors were required to increase the sharing of producers by 1.5 percent—from 65 to 66.5 percent generally. In the other areas approval was given to existing agreements between growers and processors. But in the sugar-beet areas, the sharing of growers under such agreements had been increased substantially under the Department's sugar beet price-support program.

During March, minimum wage rates were issued for the 1947 crop of sugar beets. These rates were advanced from an average of \$41.16 per acre in 1946 to \$44.36 per acre in 1947, or about 7.8 percent. This increase allowed to labor a proportionate share of the higher support price guaranteed to growers for the 1947 crop.

Minimum rates for cultivation work in 1947 in the Louisiana sugarcane area were established in February. These rates were increased by about 6 percent over the 1946 minimum rates, and gave to labor the customary share of anticipated proceeds from the 1947 crop.

Minimum wage requirements to be met by Florida sugarcane producers during the period July 1, 1946, to June 30, 1947, were issued during September 1946. Time rates for the four classes of workers covered were raised about 14 percent above those for the preceding period. Because of changed harvesting methods no piece rates were specified, but minimum hourly rates were established to protect workers employed on a piece-rate basis.

The minimum wage determination for work during the calendar year 1947 in Puerto Rico was issued in December 1946. The only changes from 1946 in the 1947 wage requirements were an extension of the wage escalator scale to provide for wage increases at higher sugar prices, and a moderate increase in the wage increment at higher price levels.

Under the 1947 minimum wage scale for the Virgin Islands, day wages were increased about 9 percent from the 1946 level. A further wage increase is provided in case the 1947 sugar crop is sold at a price higher than that prevailing in January 1947, when the rates were issued.

The excise tax imposed on sugar in connection with special sugar legislation, designed to provide sufficient revenue for the operation of the Sugar Act, has supplied an average annual revenue of \$15,000,000 in excess of the average amount of expenditures made under the act. In the fiscal year 1947, tax collections amounted to \$59,152,122 and expenditures under the act to an estimated \$52,316,318.

The Sugar Act of 1948 was passed early in the 1948 fiscal year.

WAR FOOD ORDERS

War Food Order 51, which restricted the production, distribution, and use of edible molasses in order to prevent the diversion of sugarcane and raw sugar from the production of rationed sugar, was terminated in April 1947. The order had been in effect since December 1941.

WFO 131, issued in June 1945 as a basis for setting up quotas for the delivery of sugar by primary distributors for civilian, military, and export purposes, was terminated in February 1947. WFO 131.1, which established such quotas, had not been in effect since January 1946.

WFO 7, which controls the allocation of raw sugar to continental refiners, was continued throughout the year. In August 1946, in order to increase needed supplies of crystalline sugar by the restriction of production of refiners' sirup, amendment 4 to WFO 7 was issued. This amendment, in effect since the beginning of the third quarter of 1946, limits the quantity of refiners' sirup per ton of raw sugar melted that may be produced by refiners during any calendar quarter.

PROGRAM COSTS, DISTRIBUTION, AND STOCKS

The net cost of all sugar programs undertaken by CCC, cumulative to June 30, 1947, was \$118,119,168. The operation of the 1945-, 1946-, and 1947-crop programs active during the past year, and cumulative to the end of the fiscal year, involved the use of \$662,713,400, with a net cost of \$22,432,873.

Under the Sugar Act of 1937, county committees administered the payment of approximately 57 million dollars on the 1946-47 sugarbeet and sugarcane crops to about 90,000 producers in continental United States, Hawaii, Puerto Rico, and the Virgin Islands.

Committee responsibilities included the determination of planted, abandoned, and harvested acreage, and the eligibility of growers for abandonment and deficiency payments. The committeemen also checked compliance with the labor, wage, price, and soil conservation requirements of the act.

During the calendar year 1946, deliveries of sugar by primary distributors for consumption in the United States and by the American armed forces abroad totaled 5,620,708 short tons, raw value. This compares with 6,040,569 short tons in 1945; 7,147,350 in 1944; and 6,334,713 in 1943. The quantity allocated by the end of June for consumption in the United States during 1947 was 7,150,000 tons.

TOBACCO

PRODUCTION

Production of tobacco in 1946 (excluding Puerto Rico) totaled 2,312,000,000 pounds, as compared with 1,994,000,000 pounds in 1945, and the 1935-44 average of 1,480,000,000 pounds. The flue-cured and southern Maryland crops were the largest ever produced, and production of burley tobacco was only slightly below the record 1944 total.

PRICE SUPPORT

The Commodity Credit Corporation conducted a loan program through 13 farmer cooperatives, 3 of which are in Kentucky, 3 in Virginia, 2 in Puerto Rico, and 1 in Wisconsin. The loans were made at the statutory minimum levels of 90 percent of parity as of the beginning of the marketing year in the case of flue-cured, burley, and cigar filler and binder tobacco. Loans for fire-cured and dark air-cured tobacco were made at statutory levels of 75 and 66 $\frac{2}{3}$ percent respectively of the burley loan rate.

As of June 30, 1947, tobacco under loan totaled 246,708,000 pounds, on which the Commodity Credit Corporation and lending agencies had advanced \$86,165,000. Loans outstanding on June 30, 1947, totaled \$77,711,000.

The farmer cooperatives, to which the Commodity Credit Corporation advanced funds, made the loans to the individual growers including payment for the necessary redrying, packing, marketing, and other services. Tobacco loans were handled in this manner inasmuch as individual growers find it difficult to pack and store tobacco in accordance with customary trade practices.

No subsidy program was carried out during the year, although two export-subsidy proposals were submitted for consideration. It appeared at the end of the fiscal year that export programs involving the use of section 32 funds would be in operation during 1947-48.

MARKETING QUOTAS

Marketing quotas were in effect for flue-cured, burley, fire-cured, and dark air-cured tobacco for the 1946 crop, the number of farms marketing these kinds of tobacco totaling approximately 550,000.

In a referendum held October 25, 1946, burley growers approved quotas for crops produced in 1947, 1948, and 1949. Of 135,326 growers voting, 97.6 percent favored the quotas. Allotments for 1947 totaled 468,000 acres as compared with 557,000 for 1946.

Flue-cured tobacco growers, in a referendum held July 12, 1946, approved marketing quotas for the crops of 1947, 1948, and 1949. Of the 256,735 growers voting, 98.3 percent favored quotas. Allotments for 1947 totaled 1,247,000 acres as compared with 1,257,000 acres in 1946.

Fire-cured tobacco marketing quotas were in effect for the 1946 crop, having been approved by growers for 1946, 1947, and 1948 in a referendum held in 1945. The acreage allotments established for 1947 were a little smaller than those established for 1946—a combined total of 118,000 acres in 1947 as compared with 122,000 acres in 1946.

Quotas were in effect for dark air-cured tobacco, having been approved for 1946, 1947, and 1948 in a referendum held in 1945. The total acreage allotted to all dark air-cured tobacco farms in 1947 was 44,000, as compared with 49,000 in 1946.

MARKET NEWS

Approximately 1,332,000 copies of market news reports were distributed to the press, radio, growers, tobacco trade, and others—about double the distribution made during the previous year. The greatest part of this increase was brought about by the extension of the market news service to 26 additional flue-cured and 2 new burley tobacco auction markets. About 82 percent of the reports, or nearly 1,100,000 copies, were distributed direct to growers for use at the time their tobacco was offered for sale. Most of the remainder was used for demonstrational and educational purposes.

Daily and weekly reports were furnished from 11 temporary offices and 2 permanent offices at Raleigh, N. C., and Louisville, Ky. The temporary offices were set up at points in the various belts as the selling season progressed from one area to the next. The service was provided on 815 auction sales floors located on 147 markets in 12 States, and covered 13 types of tobacco.

Cooperative agreements covering market news were continued with the States of North Carolina, Virginia, Tennessee, and West Virginia.

Daily and seasonal information, collected cooperatively by the Tobacco Branch and the Agricultural Conservation Programs Branch, was released on total pounds sold and the general average by types. Four tobacco market reviews also were issued covering the following classes of tobacco: Flue-cured types, class 1; fire-cured types, class 2; light air-cured types, class 3 (a); and dark air-cured types, class 3 (b).

STANDARDIZATION

Recommendations were submitted to the Secretary of Agriculture relative to amendments to the Official Standard Grades for Flue-cured Tobacco. Rulings also were made on the special-factor symbols authorized for use with the standard grades as well as interpretations on the applications of the standards.

Proposed grades for Maryland tobacco, Type 32, were given further trial in practical application on the markets. Tentative grades established for Wisconsin tobacco, Type 54, were revised. A new tobacco type was recognized and designated as Type 31-V—the so-called low-nicotine burley tobacco.

INSPECTION, DEMONSTRATION, AND TRAINING

Inspection service was maintained on 147 out of a total of 152 auction markets. Over 2,273,189,000 pounds of tobacco were inspected on these markets, representing about 99 percent of the total sold at auction. In addition, about 237,724,000 pounds of tobacco in hogsheads were

inspected for cooperative marketing associations and 2,000,000 pounds of Wisconsin tobacco, Type 54, in bales or bundles.

Demonstrations and meetings were held in all the important tobacco-producing States for the purpose of instructing growers in the proper preparation of their tobacco for market and in the way Federal grading and tobacco price reports can be used to advantage in marketing. During the year, 2,489 demonstrations, meetings, and visits were held, with attendance totaling 59,889. Literature, totaling 61,500 pieces, was distributed to farmers and students during the year.

The tobacco used in carrying on farm demonstrations is classed by groups of grades and the weights are recorded. The number of plants stripped is also recorded. This makes it possible to calculate the average weight per plant and the weight distribution by groups of grades—a good index to the yield per acre as well as an indication of the quality of the crop. The average weight per plant in 1946-47 was 4.3 ounces.

Three short courses were held at State colleges, with attendance totaling 713. Three training courses for inspectors and prospective inspectors were held in the flue-cured district and 3 in the burley district. Grading tests were given during the year for tobacco inspectors and junior tobacco inspectors.

SURPLUS DISPOSAL

Disposition of tobacco products declared surplus by the Army, Navy, and Maritime Commission and handled by the Tobacco Branch was completed prior to May 1, 1947. All surplus declarations subsequent to that date were made to the War Assets Administration. Products costing \$7,928,159 were sold in 1946-47 for \$5,533,398. In 1945-46, products costing \$5,635,182 were sold for \$5,194,046. The smaller return from sales in 1946-47 reflected the greater age and consequent deterioration of the products.

STATISTICAL WORK

As required by law, quarterly information on stocks of each type and kind of tobacco held by manufacturers and dealers in the United States (and Puerto Rico) was collected and consolidated into a report. An annual report on tobacco statistics also was issued in September 1946.

MATERIALS AND FACILITIES

PMA made a number of recommendations for the benefit of Government and private agencies handling the distribution and allocation of scarce materials and facilities for producing, processing, and manufacturing tobacco. The most important items considered were containers, fuel, sugars, sheet metal, tobacco, cloth, and building permits.

NAVAL STORES

Production of gum turpentine during the 1946 marketing year (April 1, 1946-March 31, 1947) totaled 270,286 barrels of 50 gallons each, as compared with the 1942-46 average of 274,000 barrels. Production of gum rosin during the 1946 marketing year totaled 752,535 drums of 520 pounds each, as compared with the 1942-46 average of 758,300 drums.

PRICE SUPPORT

Market prices were well above loan rates throughout 1946 and no loans were made under the program approved April 5, 1946.

Final liquidation of stocks acquired under the 1938-43 series of loans, which has been made to producers through the American Turpentine Farmers' Association, a cooperative, was accomplished during the fiscal year. Liquidation of these loans resulted in a credit balance of almost \$47,000, which was disbursed to the association. In addition, liquidation was completed of stocks acquired under the 1942 and 1943 purchase programs, which resulted in a profit of \$2,707,598 to the Commodity Credit Corporation.

The 1947 naval stores loan program was announced May 27, 1947, following a sharp decline in market prices. This program is designed to provide eligible producers with price support at not less than 90 percent of the parity value of gum naval stores production unit (50 gallons of turpentine and 1,400 pounds of rosin) as of April 1, 1947.

The program provides for a loan commitment to the American Turpentine Farmers' Association which, in turn, makes individual loans thereunder to eligible producer members. The loan to the association is equal to the amount of its loans to the producers, and includes renewal storage charges, approved expenses of the association, and interest at 3 percent. The loans are nonrecourse, except for fraud, and producers may avail themselves of price support by pledging their naval stores for loan, redeeming the collateral if market values advance, or abandoning it to the Commodity Credit Corporation in full satisfaction of the loan in the event market values do not make redemption feasible.

SURPLUS DISPOSAL

All naval stores declared as surplus under the Surplus Property Act were referred to the Department of Agriculture for disposal. Under this program, gum turpentine and gum rosin, as well as wood rosin, wood turpentine, pine pitch, pine tars, gum arabic, and similar products, have been sold. These products, having an acquisition value of \$334,812, were sold for \$313,769.

All new surplus-disposal operations were transferred to the War Assets Administration near the close of the year.

PROCUREMENT FOR FOREIGN GOVERNMENTS

A small volume of procurement against previously received requisitions for cash-paying foreign governments continued into the 1946-47 fiscal year. Purchases included 80,000 pounds of pitch; 16,800 gallons of sulfate turpentine; and 10,000 gallons of Newtine, a turpentine substitute.

NAVAL STORES ACT

Work under the Naval Stores Act included inspection, the development of standards, and regulation of marketing practices.

Rosin inspections made during the year included 167,825 drums; 25,894 bags, and 33 tank cars. Inspection of turpentine included 747 drums; 65 tank cars; and 52,935 gallons in small containers. In addition, 1,481 drums of B wood resin, 155 drums of pine pitch, and 500 drums of FF wood rosin were inspected.

Extensive studies, to determine the acidity in naval stores, particularly by electrometric methods, were completed during the year. A simple volumetric method (unpublished) for determination of acidity in terpene hydrocarbons was developed. This work was done in conjunction with the Committee on Naval Stores of the American Society for Testing Materials. Collaborative analyses were also made on samples of turpentine, dipentene, pine oil, crude and refined tall oil, pine tar oil, medium pine tar, gum rosin, B gum rosin, FF and B wood rosin, and Vinsol resin.

Rosin-type samples were developed in cooperation with the American Turpentine Farmers' Association.

Under the regulatory features of the Naval Stores Act, informal notices were issued in 17 cases; warnings were given in 5; and citation proceedings initiated in 2. In the case of minor infractions, where it is apparent that the violation was not intentional, an informal notice is mailed, calling attention to the infraction. In cases where flagrant and willful violations are found, citation and recommendations for prosecution in a United States court are necessary.

